SEREMBAN ENGINEERING BERHAD

197901001059 (45332-X)

MOVING UP

The Value Chain

ANNUAL REPORT

2019

40th

Annual General Meeting (AGM) of
Seremban Engineering Berhad

Venue	Ballroom III, Main Wing, Tropicana Golf & Country Resort Jalan Kelab Tropicana, 47410 Petaling Jaya Selangor
Date	Wednesday, 04 December 2019
Time	9.00 a.m.

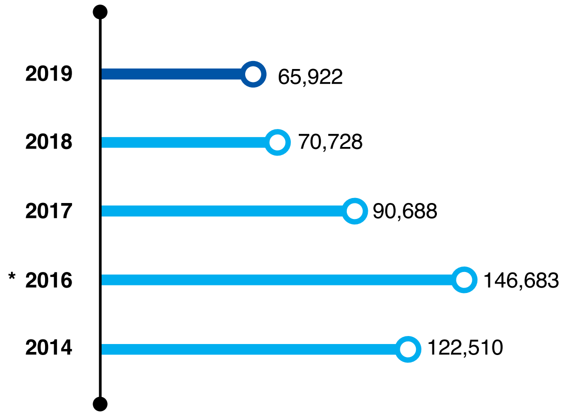
CONTENTS

5 YEAR FINANCIAL HIGHLIGHTS

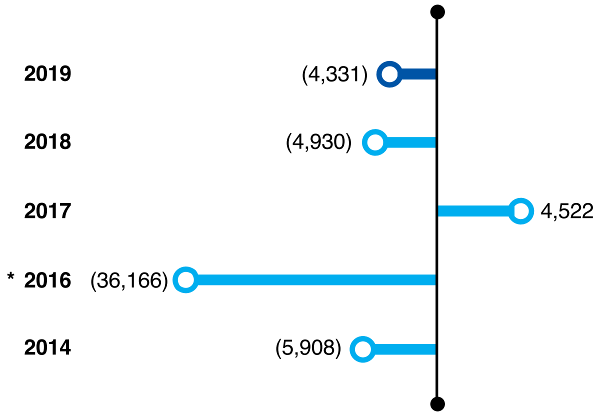
	30 Jun 2019 RM'000	**30 Jun 2018 RM'000**	**30 Jun 2017 RM'000**	***30 Jun 2016 RM'000**	**31 Dec 2014 RM'000**
Revenue	65,922	70,728	90,688	146,683	122,510
(Loss)/Profit Before Tax	(4,309)	(4,930)	6,789	(36,980)	(7,866)
(Loss)/Profit After Tax					
Attributable to Owners of the Company	(4,331)	(4,930)	4,522	(36,166)	(5,908)
Shareholders' Equity	19,972	25,112	30,042	25,520	61,685
Basic (Loss)/Earnings Per Share (Sen)	(5)	(6)	6	(45)	(7)
Net Assets Per Share (RM)	0.25	0.32	0.38	0.32	0.77

* *The results consist of eighteen (18) months financial period ended 30 June 2016 due to the change of financial year ended from 31 December.*

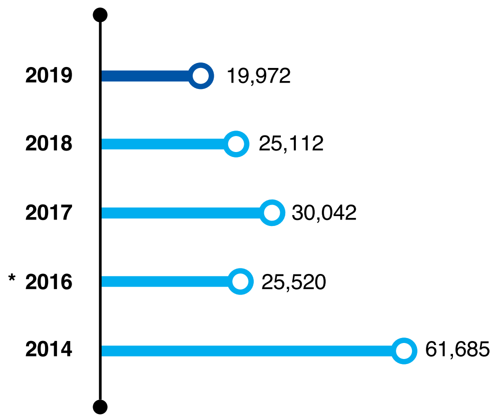
REVENUE (RM'000)



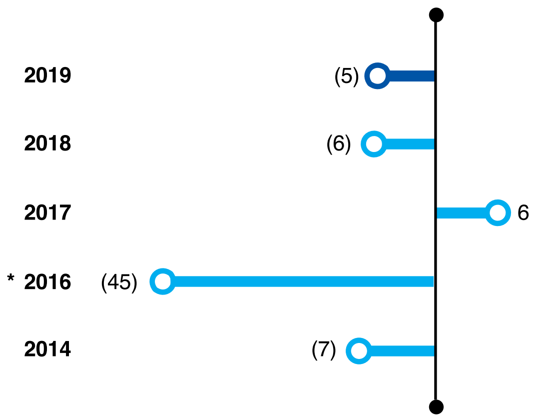
(LOSS)/PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



SHAREHOLDERS' EQUITY (RM'000)

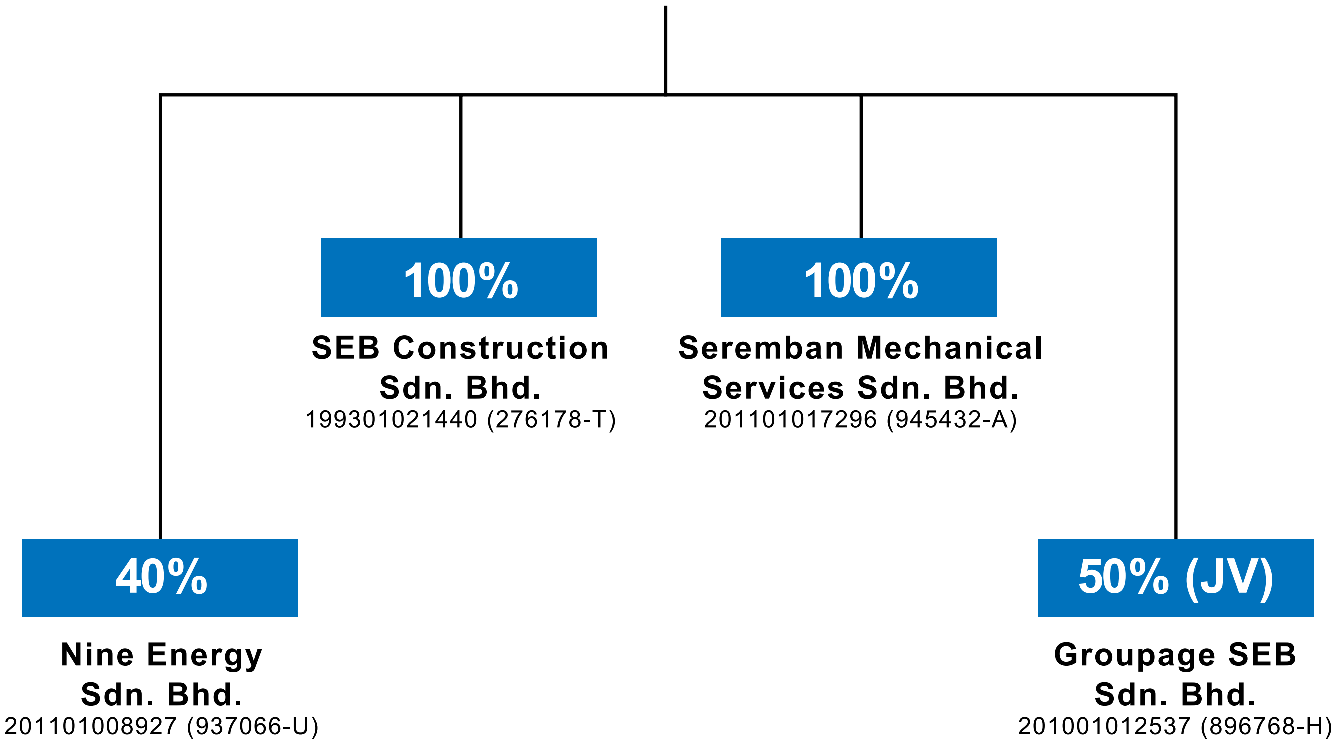


BASIC (LOSS)/EARNING PER SHARE (SEN)



CORPORATE STRUCTURE

SEREMBAN ENGINEERING BERHAD
197901001059 (45332-X)



CORPORATE INFORMATION

DIRECTORS

Independent Non-Executive Director cum Chairman
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

Chief Executive Officer cum Executive Director
Ir. Ngim Chin Kim
(Appointed on 19 September 2019 as Executive Director)
(Assumed additional role as Chief Executive Officer on 25 October 2019)
See Boon Chun *(Resigned w.e.f 15 October 2019)*

Chief Operating Officer cum Executive Director
Wong Wai Hung *(Resigned as Executive Director w.e.f 15 October 2019)*

Independent Non-Executive Director
Chan Foong Ping
Mustaffa Bin Ja'afar
(Appointed on 11 October 2019)

Non-Independent Non-Executive Director
Dato' Ir. Mohtar Bin Musri
(Appointed on 11 October 2019)
Tan Ah Bah @ Tan Ah Ping
(Resigned w.e.f 15 October 2019)

COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Chairperson	Chan Foong Ping	Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak
Member	Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Dato' Ir. Mohtar Bin Musri	Dato' Ir. Mohtar Bin Musri
Member	Dato' Ir. Mohtar Bin Musri	Mustaffa Bin Ja'afar	Mustaffa Bin Ja'afar

COMPANY SECRETARY

Pang Kah Man *(MIA 18831)*

REGISTERED OFFICE

37-2, 2nd Floor, Jalan Radin Bagus,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur
Tel: +603 9045 9311
Fax: +603 9057 9989

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF1018)
8, Jalan Pesta 1/1, Taman Tun Dr. Ismail 1,
Jalan Bakri, 84000 Muar, Johor, Malaysia
Tel: +606 952 4328
Fax: +606 952 7328

PRINCIPAL BANKERS

AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Bank (M) Berhad
Standard Chartered Bank (M) Berhad

SOLICITORS

Manjit Singh Sachdev, Mohammad Radzi & Partners
11th floor, Wisma Havela Thakardas,
No.1, Jalan Tiong Nam, Off Jalan Raja Laut,
50350, Kuala Lumpur

Raja Seelan & Associates
C-6-4, Level 6, Wisma Goshen, Plaza Pantai,
No. 5, Jalan 4/83A, Off Jalan Pantai Baru,
59200 Kuala Lumpur

SHARE REGISTRARS

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,
Wilayah Persekutuan, Malaysia
Tel: +603 2783 9299
Fax: +603 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : SEB
Stock Code : 5163

SUSTAINABILITY STATEMENT

OUR APPROACH

Sustainability has always been a pillar of the Group's culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment.

The Group understands that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our investors, customers, vendors and employees. Hence, our mission as a responsible corporate citizen is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate.

OUR APPROACH ON SUSTAINABILITY
Embrace Sustainability in Organisation Culture
Strengthen the Core
Build Regional Global Connectivity
Foster a High Performance Organisation

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

Our Sustainability Statement helps us understand where we are, what we have already done and to determine areas considered material to the Group and its stakeholders in order that we can identify further initiatives towards addressing sustainability risks and implementing sustainability opportunities.

ECONOMIC

Sustaining our Economy

Delivering sustainable returns to our shareholders

Delivering quality products and services to achieve customers' satisfaction

ENVIRONMENT

Conserving our Environment

Protecting and preserving the environment

SOCIAL

Building a Resilient Workforce

Ensuring a positive workplace for our employees

Serving our Community

Contributing to the well-being of the community around us

OUR SCOPE

This statement covers Seremban Engineering Berhad and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to engineering services. This report covers data which had been compiled internally from 1 July 2018 to 30 June 2019.

SUSTAINABILITY GOVERNANCE

The responsibility to promote and embed sustainability in the Group lies with the Board of Directors ("Board"). Among others, this responsibility includes overseeing the following:

- Stakeholder engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

Sustainability governance in the Group are business driven and the processes in identifying, evaluating and managing significant risks facing the Group are embedded into our culture and operations. These processes are driven by the Executive Directors and are responsive to changes in the business environment and are clearly communicated by the Executive Directors to all staff levels, via periodic management meetings, formal and informal, and discussions.

CORPORATE GOVERNANCE

Sustainability is embedded in our organisational approach and is led from the top. The Board plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approaches and ensures that key targets are met.

SUSTAINABILITY STATEMENT
(CONT'D)

CORPORATE GOVERNANCE (Cont'd)

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to our Audit Committee. The Group's performance is also tracked with the assistance of Nomination Committee and Remuneration Committee.

ETHICAL BUSINESS PRACTICES

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. A Code of Conduct is established to achieve a standard of ethical behaviour based on trustworthiness and values that can be accepted and uphold a spirit of responsibility. Our Whistle Blowing Policy and Procedures, which is obtainable on our website, www.seb.net.my, provides all stakeholders a direct channel for reporting instances of misconduct that contradict our Code of Conduct and/or other non-compliant offences.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

STAKEHOLDERS' ENGAGEMENT

We continue to engage our stakeholders actively throughout the financial year as part of our sustainability process. Engagement with stakeholders allow us to gain better understanding of our significant issues and matters. Simultaneously, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	• Annual & Extraordinary General Meetings • Bursa announcements • Quarterly reports • Annual reports • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations • Compliances to standards and specifications	• Operations regulations • Bursa listing requirements • Companies' Act • Labour law • Taxations
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Trainings • Performance appraisal • Team building activities	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices

STAKEHOLDERS' ENGAGEMENT (Cont'd)

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Customers	• Regular meetings • Marketing activities	• Customer satisfaction surveys • After-sales services • Quality assurance • Innovative product
Suppliers	• Regular meetings • Quality audit on products • Contract negotiation	• Products quality • Legal compliance
Community	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings	• Financial and operational performance

MATERIAL SUSTAINABILITY MATTERS

ECONOMIC

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.seb.net.my also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

The Group is committed to seeing that not only our shareholders' interests are taken care of but also those of our customers and suppliers. In this regard, the Group values our customers as they are a major reason for our profitability. Our marketing and sales representatives schedule regular meetings, both formal and informal, with our customers to build a strong and conducive relationship. The objective of this is to promote a culture of open communication, trust and reliability.

For customers who purchase our products, they can be assured of quality as our products are recognised by the American Society of Mechanical Engineers (ASME)'s U stamp, the CE mark certified by Lloyd's, the R Stamp certified by the National Board of Boiler & Pressure Vessel Inspectors and also the ISO 9001:2015 Quality Management System. These certifications offer us a great advantage and competitive edge as these provide worldwide recognition and acceptance of our products.

We are committed to supplying quality products and meeting customers' satisfaction through continuous improvement in technology and processes. We are also a responsive and reliable partner to our customers who purchase our products within their respective markets.

To our suppliers, the Group practises transparent and fair procurement policies so that they as our business partners know that they can depend on us.

ENVIRONMENT

Production

Our business is heavily regulated by the government authorities although we generally do not generate any major environmental concerns because there are no emissions of very harmful noxious gases, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to emission standards, noise level management and treatment of effluents and waste water.

SUSTAINABILITY STATEMENT
(CONT'D)

ENVIRONMENT (Cont'd)

Production (Cont'd)

We are committed to "green" operating practices and we have in place an Environmental Policy. Our operating practices for environment management include:

(a) preserving, conserving, minimising wastages of resources and ensuring that the work environment is free from polluting hazards;
(b) complying with relevant environmental, health and safety laws and regulations of the Department of Environment in relation to hazardous discharges in the production process;
(c) periodic review of the policies, objectives and targets of our environmental management program; and
(d) communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of the Group.
(e) all mechanical equipment are serviced regularly to ensure optimal efficiency to minimize fuel wastage and to reduce environmental pollution.

Waste Management

Our scheduled wastes such as used oil and contaminated chemical containers are stored, treated, recovered in a proper manner and then delivered to prescribed premises for treatment, disposal and recovery. In this process, the scheduled wastes will be packaged, labelled and transported in accordance with the prescribed local guidelines and regulations.

Paper recycling initiatives are already in progress. Employees are encouraged to prioritise electronic means to share and store documents, and to reduce printing or photocopying, or if necessary, to use double sided printing. Additionally, other material such as furnishing and fixtures are recycled or reused wherever possible

Energy Saving Initiatives

Air-conditioning is identified as a major usage of electricity in our buildings. Users are encouraged to set the aircondition temperature control to not lower than 24˚C which is within the confort zone in keeping the work area in a cool and pleasant environment.

Similarly lights in and around our offices and factory are being converted to energy saving NIKKON Light Emitting Diodes ("LED") lighting system in stages. Where lighting in and around our office facilities need to be replaced, we have converted them to LED. LED is a practical replacement for High-Intensity Discharge or standard lights as they have a lower energy consumption, longer lifetime, improved brightness, smaller size, faster switching, and greater durability and reliability.

Water Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group works hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

SOCIAL

Our employees are our greatest asset. Our people come with vast experience and are from various industry background. Building capability is key, hence we proactively provide opportunities for growth and development of talents in the organisation through targeted development plans. We also recognise that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce. Therefore, ensuring our long term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

Training programs for skills development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently and effectively as well as for their personal career development. These trainings were also aimed at building mindfulness, awareness and observation techniques in order to be a successful and empathetic leader at work, to be able to recognise stress levels among staff and to drive a motivated and harmonious culture in the workplace.

The Group believes that the safety and well-being of its employees is one of the cornerstones of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations, such as provision of Personal Protection Equipment.

SOCIAL (Cont'd)

Our Safety Officers are registered with Department of Occupational Safety and Health ("DOSH"). In this respect, the Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994, as well as Safety & Health Policy approved by the Board of the Company.

Safety Induction Training are conducted for all of our new hires. The programme is designed to train employees to become fully aware of the Company's safety and health measures and the importance of complying with those measures and to meet the DOSH's guidelines. Workers are equipped with safety protective gear and equipment such as ear muffs for protection against noise pollution, goggles for protection against glare, dust, water and other particles, and gloves for handling of chemicals or other potentially hazardous materials. Notwithstanding the above, medical check-up and audiometric testing are conducted on our workers annually. All factory visitors are given a safety briefing and the necessary safety gear prior to them entering the factory premises.

We continue to focus on human capital development to nurture our employees to their fullest potential as they are our greatest asset. Every employee is given equal opportunity to rise up the ranks through hard work and dedication. We also place great importance on hiring the right candidate for the right job. In this context, we will continuously search for quality talents who best fit our job requirements and complement our work culture.

Apart from safety, promoting good health, and motivation is an essential part of the Group's responsibility to our employees. In this context, we organise sports events such as weekly badminton sessions to foster camaraderie amongst our employees.

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. The Group has on April 2019 organised a blood donation drive at our office. The event was well attended. We were very privileged to be able to do our part in our community.

The Group hosted students from Kolej Vokasional Ampangan and Institut Latihan Perindustrian Pedas in January 2019 and April 2019 respectively. The students were briefed on SEB's manufacturing processes and were given a tour of the factory as well. The trip allowed the students a close-up look at an operating factory and gave them a better understanding and appreciation of the practical aspects of working in a factory, such as the necessity of safety and health awareness.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

1. Company Profile

Seremban Engineering Berhad ("SEB" or the "Group") was incorporated in 1979. Over the years, SEB has grown to provide a host of engineering services including fabrication, engineering support, off site installation, maintenance and shutdown works for oil and fats, palm oil refineries, water and waste treatment, food, chemical plants and oil & gas industries.

2. Vision & Mission

The Group's vision is to strengthen and expand our core business by diversifying to various industries. We also strive to provide our client with quality products and services at competitive prices and on time delivery.

3. Principal Activities

The Group offers a wide array of products and services, namely:

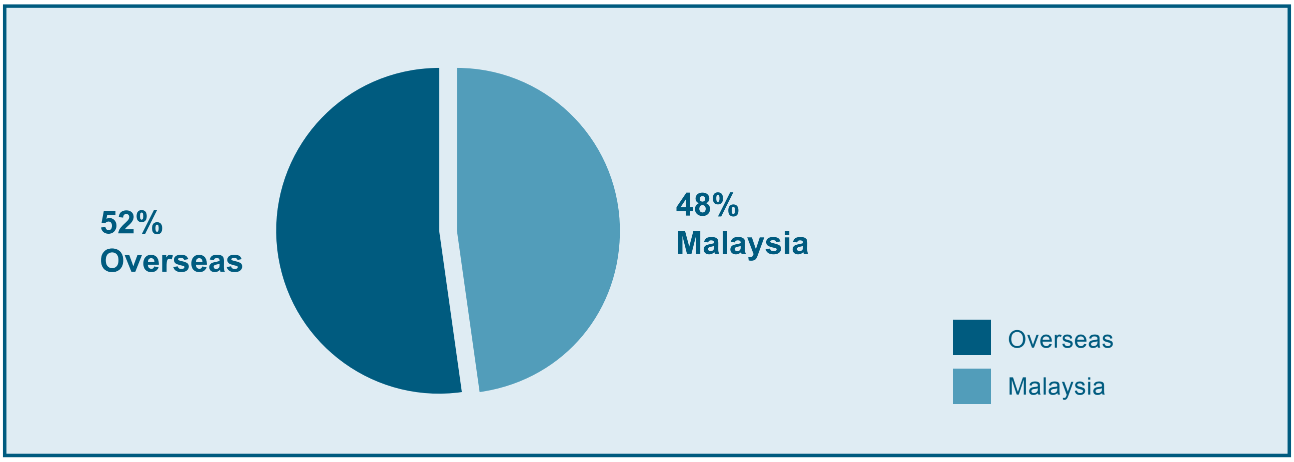
- Design, fabrication and installation of unfired pressure vessels, reactors, heat exchangers, deodorisers, receiver tanks, etc.
- Fabrication and erection of steel structure and platforms
- Fabrication and installation of all kinds of piping works (Carbon steel, stainless steel and jacketed pipes)
- Fabrication and installation of storage tanks, mixing tanks, hoppers and silos. (Carbon steel and stainless steel)
- Fabrication of oil heaters (towers and columns) for oil and gas petrochemical industries in accordance with ASME Codes & Standard Sec. VIII (Div. 1)
- Maintenance, services and shutdown works for plants, machinery parts and equipment

The Group possesses various stamps, marks & quality management system recognised by international bodies such as ASME U & U2 stamp, CE Mark certification by Lloyd's Registered body, the National Board of Boiler & Pressure Vessel Inspectors' R & S stamp and ISO 9001:2015 Quality Management System Standard certification.

These certifications enable SEB to enhance its capability to fabricate higher specification vessels.

SALES BY GEOGRAPHICAL AREA

The breakdown of revenue by market for the Group for the financial year ended 30 June 2019 is depicted as follows:



STRATEGIES IN CREATING VALUE

The Group aims to enhance corporate branding value via quality products and timely delivery as well as sustainable practices and innovation. It is also the Group's priority to enhance returns on invested capital through diversification of product portfolios as well as to enhance profitability and operational excellence with the Group's expertise and automated equipment. Furthermore, dependency on a skilled and competent labour force is also a key factor to achieve production efficiency.

Business strategy wise, SEB is also intent on broadening its products range and market segments, such as exploring Engineering, Procurement, Construction and Commissioning (EPCC) projects.

With strong corporate branding and extensive industries experience, SEB is optimistic in attracting more positive business opportunities in the coming year.

FINANCIAL OVERVIEW

The financial performance of the Group in financial year ended ("FYE") 2019 as compared to the FYE 2018 is summarised below:

Statements of Profit or Loss and Other Comprehensive Income	FYE 2019 RM'000	FYE 2018 RM'000
Revenue	65,922	70,728
Loss Before Tax	(4,309)	(4,930)
Loss After Tax	(4,331)	(4,930)
Loss Per Share (sen)	(5)	(6)
Statements of Financial Position	**As at 30 June 2019 RM'000**	**As at 30 June 2018 RM'000**
Total Assets	79,553	91,263
Total Liabilities	59,580	66,151
Borrowings	34,781	44,521
Shareholders' Equity (Net Assets)	19,972	25,112

The Group recorded its revenue and loss after tax of RM 65.92 million and RM 4.33 million respectively for the FYE2019 as compared with the revenue of RM 70.73 million and loss after tax of RM 4.93 million for the FYE2018.

Although there was a drop of 6.80% or RM 4.81 million in Group revenues, the Group managed to reduce its losses before tax by 12.60 % or RM 0.62 million. This was achieved through improved profit margins as well as a result of the cost rationalisation programme that was implemented. Total assets for the Group reduced by RM 11.71 million mainly due to the reduction in trade and other receivables and inventories.

The Group's total borrowings reduced from RM 44.52 million as at 30 June 2018 to RM 34.78 million as at 30 June 2019. It was mainly from lower usage of bank overdraft and trade bills resulting from improved customer collections.

REVIEW OF OPERATING ACTIVITIES

1. Penetration into New Markets

With our in-house expertise and advanced automated equipment in the fabrication facilities, the Group will continue to pursue new opportunities and diversify into different industries to broaden our customers' base.

2. Strengthening Production and Project Management

To ensure that production activities are carried out in a more efficient manner, regular projects meetings chaired by executive management has been put in place. Our project and production management team shall monitor the efficiency and effectiveness of the in house workforce and subcontractors. This is to ensure production progress and product quality meets the customer's expectation.

3. Investing in Human Capital

Our most valuable asset is our employees. The Group strives to continuously train our employees via in-house training or external training program. The aim is to strengthen our business operations and processes and improve overall productivity. We believe that training and continuous improvement is the way to retain our valued employees and to ensure that they continuously give their best to the Group.

RISK MANAGEMENT

1. Competition Risk

The market continues to fluctuate but the Group has identified various initiatives:

- Stay relevant in a more competitive environment;
- Diversification of products and services;
- Leverage our strength and infrastructure to capture new opportunities; and
- New certifications to support competitiveness and diversification of new products.

2. Credit Risk

Credit risk arises from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flows and funding. The Group minimises such exposures by assessing the creditworthiness of potential customers, close monitoring of collections and overdue debts, and effective credit controls to keep leverage at a comfortable level.

3. Foreign Currency Exchange Risk

The Company is exposed to foreign exchange fluctuations as some of the cost of raw materials and imported goods are denominated in foreign currencies. As such, the foreign exchange may have material effects to the costing of our products.

For imported goods, foreign currency exchange risk is partially managed through a natural hedge between revenue and purchases in the same currencies. Management will hedge, if required, the remaining un-hedged portion to mitigate currency risk.

RISK MANAGEMENT (Cont'd)

4. Operational Risk

Operational risk arises from the execution of a company's business including risks of failure to meet customer quality requirement, delivery deadline and inadequate skilled workforce. The Group adheres to policies, procedures, quality controls and best practices and strong project management to ensure product quality and delivery deadlines are met. The Group also implemented comparable remuneration schemes and conducive working environment to attract and retain our skilled workforce to meet existing and future needs.

OUTLOOK AND PROSPECTS

On 3rd September 2019, MIE Industrial Sdn. Bhd. ("MIE") emerged as the controlling shareholder of SEB following the acquisition of 55,549,752 SEB shares, representing 69.72% of the total issued shares of SEB (excluding treasury shares), for a total cash consideration of RM 27,774,876 or RM 0.50 per SEB Share.

MIE is principally involved in the provisioning of engineering, procurement, construction and commissioning (EPCC) services for the oil and gas, power plants, building systems and general industries.

With expertise from MIE, SEB aims to expand its fabrication capability and integrate its engineering scope of services to include other engineering services higher up the value chain. MIE's expertise would also enable SEB to improve its capability and efficiency on overall project management and yard manufacturing activities.

The prospects for the next financial year will continue to be challenging. However, we are optimistic that there are signs of improvements in market sentiments as evidenced by the increase in incoming orders from regular clients especially in the palm oil refinery industry. Coupled with MIE's involvement, the Board anticipates that SEB will remain resilient in meeting future business challenges.

PROFILE OF DIRECTORS

TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK

Independent Non-Executive Director cum Chairman
Age 70, Malaysian
Appointed on 3 September 2009

Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak ("Tan Sri Fuzi"), age 70, a Malaysian, male, was appointed to the Board on 3 September 2009. He is an Independent Non-Executive Director of the Company. He is the Chairman of both Nomination Committee and Remuneration Committee and a member of the Audit Committee of the Company.

Tan Sri Fuzi was previously the Secretary-General of the Ministry of Foreign Affairs Malaysia. He joined the Malaysian Diplomatic and Administrative Service in 1972 and served in various capacities at the Ministry of Foreign Affairs until 2009. He also served at the Malaysian Missions abroad in Moscow, the Hague, Canberra, Washington and Dhaka.

His tenure as Secretary-General saw him leading the Malaysian Senior Official delegation in negotiations at various bilateral, regional and international Conferences as well as in organising the NAM Summit and the OIC Summit in 2003 and the ASEAN Summit plus East Asia Summit and Related Summits in 2005 in Kuala Lumpur.

Tan Sri Fuzi has previously also served as Director General, Institute of Diplomacy and Foreign Relations Malaysia; Deputy Secretary General 1, Ambassador-at-Large and Malaysia's Representative to the ASEAN High Level Task Force (HLTF) on the Drafting of the ASEAN Charter and Malaysia's Representative to the High-Level Panel (HLP) on the Drafting of the Terms of Reference of the ASEAN Human Rights Body.

He was also formerly chairman, AsiaEP Bhd; Amanahraya REIT Bhd; Ranhill Energy Resources Sdn Bhd; PKT Logistics Sdn Bhd; Leisure Guide Publishing Sdn Bhd; Syarikat Takaful Malaysia Keluarga Bhd; Syarikat Takaful Malaysia Am Bhd, Apex Equity Holding Bhd; Ferro Mining Sdn Bhd, Sofgen Malaysia SdnBhd and Viva Rail Lines Bhd as well as Deputy Chairman, Asia Development & Investment Bank (ADIB).

He was also formerly, Director, Maybank Islamic (MIB) Bhd; Maybank Islamic Asset Management (MIAM) Sdn Bhd; WEROS Technology Sdn Bhd; Optima Capital Sdn Bhd; member, Board of Trustee, F3 Strategies Bhd and advisor, Tripfez Sdn Bhd.

Tan Sri Fuzi is currently, Secretary-General, World Islamic Economic Forum Foundation (WIEF). He is also chairman; Seremban Engineering Berhad and Board Member, Puncak Niaga Holding Bhd.

Tan Sri Fuzi is currently also Group Chairman, ACE Holdings Berhad; and Chairman, ACE Investment Bank Limited; Theatre Management Associates Sdn Bhd; IMAN Research Consulting Sdn Bhd and TAERG International Sdn Bhd.

He is also Member of the Board, Management Development Institute of Singapore (MDIS) Malaysia Sdn Bhd; CGM Alstar Solutions Sdn Bhd and Lejadi Medimax Sdn Bhd.

Tan Sri Fuzi is also a Distinguished Fellow, Institute of Strategic and International Studies (ISIS) and Institute of Diplomacy and Foreign Relations (IDFR); Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP Malaysia) and Member, Board of Trustee, MERCY Malaysia; Perdana Global Peace Foundation (PGPF); Yayasan Sarana Pendidikan Malaysia (YSPM) and Lejadi Foundation.

He is also member, Institute of Advanced Islamic Studies (IAIS); PATRON, Malaysia – China Culture Association and ADVISOR, Asia Pacific Entrepreneurship Award (APEA); Malaysia-Myanmar Chamber of Commerce; High School Bukit Mertajam Alumni Malaysia and Pixel Play Ventures Sdn Bhd.

He also sits on the Board of Governors of Meritus University.

In recognition of his services to the nation, he was awarded the AMN (1979), the JSM (1999), the DSPN (1999), the DMPN (2002) the PSM (2003) and the DSLJ (Brunei).

Tan Sri Fuzi does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflicts of interest in any business arrangements involving the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

He attended all six (6) Board Meetings held in the financial year ended 30 June 2019.

IR. NGIM CHIN KIM

Chief Executive Officer cum Executive Director
Age 60, Malaysian
Appointed on 19 September 2019 as Executive Director, Appointed as Chief Executive Officer on 25 October 2019

Ir. Ngim Chin Kim, age 60, a Malaysian, male, was appointed to the Board of the Company on 19 September 2019 as the Executive Director and subsequently on 24 October 2019, he assumed additonal role as Chief Executive Officer.

Ir. Ngim Chin Kim holds a Bachelor of Engineering (Civil) degree from the National University of Singapore (NUS).

He is a registered professional engineer with the Board of Engineers Malaysia (BEM) and a member of the Institution of Engineers Malaysia (IEM).

Ir. Ngim has accumulated approximately 35 years of working experience in key management and project development positions, including managing Engineering, Procurement, Construction & Commissioning (EPCC) outfits for the oil & gas, petrochemical, pharmaceuticals, pulp & paper and process related business.

After graduating from the National University of Singapore in 1984, he started his career as a project engineer with Grow Enterprise Pte. Ltd., supervising construction of condominiums and Town Centre in Singapore. In 1989, he joined LKN Construction Pte. Ltd. Singapore and was posted to Jakarta, Indonesia as a Quality Control Manager for the construction of a five star hotel project, The Regent of Jakarta.

He returned to Malaysia in 1992 and joined Protek Engineers Sdn. Bhd., a subsidiary of the Stork Group from the Netherlands, as Project Manager and subsequently Branch Manager for its Kerteh, Terengganu office. Protek Engineers provides engineering design and project management services to oil & gas majors such as Petronas, Shell, Exxon and had offices in Kerteh, Kuantan, Miri and Kuala Lumpur.

In 1999, he was posted by Stork to Singapore as the Deputy Managing Director of Stork Comprimo Pt. Ltd. He is responsible for the company's business in Singapore, in particular petrochemical projects on Jurong Island.

Ir. Ngim returned to Malaysia in 2002 to join Kencana Bestwide Sdn. Bhd. (KBW), a subsidiary of Kencana Petroleum Berhad. He moved up through the ranks to be the Chief Operating Officer while in KBW. In 2013, he joined Aker Engineering Malaysia Sdn. Bhd. (AEM) as Commercial Director tasked with monitoring projects financial and commercial performance. AEM is part of the Aker Solutions Group, Norway. In February 2018, he joined MIE Industrial Sdn. Bhd. (MIE) as Advisor to petrochemical and energy projects undertaken by MIE.

Ir. Ngim does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflicts of interest in any business arrangements involving the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

PROFILE OF DIRECTORS
(CONT'D)

CHAN FOONG PING

Independent Non-Executive Director
Age 48, Malaysian
Appointed on 22 April 2016

Ms Chan Foong Ping, aged 48, a Malaysian, female, was appointed to the Board of the Company on 22 April 2016 as an Independent Non-Executive Director. She is the Chairman of the Audit Committee.

She obtained her Bachelor of Accountancy from Universiti Putra Malaysia ("UPM") in 1995. She is a Chartered Accountant and has been a member of Malaysian Institute of Accountants since 1998.

After graduating from UPM, she joined the audit and assurance division of Deloitte Touche Tohmatsu Kuala Lumpur in 1995. In 1998, she left the firm and joined Sepang Education Center Sdn Bhd as accounting manager. In 2000, she left Sepang Education Center Sdn Bhd and joined Phillips Seafood (East Malaysia) Sdn Bhd ("Phillips Malaysia") as financial controller. Subsequently in 2006, she was promoted to be the Executive Director of Phillips Foods International (Hong Kong) Limited ("Phillips HK"). Both Phillips Malaysia and Phillips HK are subsidiaries of Phillips Foods Inc (USA). As an Executive Director of Phillips HK, she was responsible for overseeing the regional financial system of its 14 seafood processing plants covering 10 different countries. She was responsible for setting up and overseeing shared service centres located in Indonesia and India for the financial reporting of Phillips HK operations. She left Phillips HK in 2011.

Subsequently in 2011, she joined Resource Holding Management Limited ("RHML"), a public company then listed on the AIM Market of the London Stock Exchange ("LSE"), as Group Finance Director. After leaving RHML in 2014, she was appointed as corporate advisor of Swiss Biological Medicine Group Ltd ("SBMG") pursuing for a potential listing on the LSE. In 2016, SBMG became a subsidiary of Huapont Life Science which is listed on Shenzen Exchange Board. Presently, Ms Chan is an Independent Non-Executive Director of Success Transformer Corporation Berhad and Wegmans Holdings Berhad.

Ms Chan does not have any family relationship with any Director and/or major Shareholder of the Company, nor any conflicts of interest in any business arrangement involving the Company. She has not been convicted of any offences within the past 5 years other than traffic offences, if any.

She attended all six (6) Board Meetings held in the financial year ended 30 June 2019.

DATO' IR. MOHTAR BIN MUSRI

Non-Independent Non-Executive Director
Age 61, Malaysian
Appointed on 11 October 2019

Dato' Ir. Mohtar Bin Musri, aged 61, a Malaysian, male, was appointed to the Board on 11 October 2019. He is a Non-Independent Non-Executive Director of the Company. He is the member of Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a Bachelor (Hons) in Mechanical Engineering from University of Nottingham, England and Masters of Science in Work Design and Ergonomics from University of Birmingham, England. He is a Registered Safety and Health Officer, Steam Engineer Gred 1, Major Hazard Competent Person, and Chemical Health Risk Assessor with the Department of Occupational Safety and Health (DOSH) Malaysia.

Dato' Ir. Mohtar was previously the Chairman for Initiative Working Group on Occupational Safety and Health (OSH) in Construction (CITPIWG2/Q2-Safety), and for the Industry Standards Committee for Occupational Safety and Health (ISC W) SIRIM Berhad. His extensive 35 years of experience in Occupational Safety and Health includes various director and senior positions with DOSH Malaysia, before retiring as its Director General.

Currently, Dato' Ir. Mohtar is an advisor to MIE Industrial Sdn Bhd. He is also currently a Director for Eita Elevator (M) Sdn Bhd, EITA KOP Sdn Bhd, and Lembaga Lebuhraya Malaysia.

Dato' Ir. Mohtar does not have any family relationship with any Director and/or major Shareholder of the Company, nor any conflicts of interest in any business arrangement involving the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any.

PROFILE OF DIRECTORS
(CONT'D)

MUSTAFFA BIN JA'AFAR

Independent Non-Executive Director
Age 60, Malaysian
Appointed on 11 October 2019

Mustaffa Bin Ja'afar, aged 60, a Malaysian, male, was appointed to the Board on 11 October 2019. He is an Independent Non-Executive Director of the Company. He is the member of Nomination Committee and Remuneration Committee.

He graduated with a Bachelor (Hons) in Electrical and Electronics Engineering from Brighton University, England.

He has 36 years of experience in various key technical, engineering and project development positions with Tenaga Nasional Berhad (TNB), before retiring in TNB as the General Manager, Engineering Services, Centre of Expertise, Energy Ventures in 2019.

During his career, he held a number of positions and Board representations in TNB subsidiaries including TNB Western Energy Sdn Bhd, TNB Northern Energy Sdn Bhd, and Felda TNB JV (FTJ) Sdn Bhd.

Mustaffa does not have any family relationship with any Director and/or major Shareholder of the Company, nor any conflicts of interest in any business arrangement involving the Company. He has not been convicted of any offences within the past 5 years other than traffic offences if any.

PROFILE OF KEY SENIOR MANAGEMENT

WONG WAI HUNG

Chief Operating Officer, Age 52, Male, Malaysian

Mr. Wong Wai Hung was appointed as General Manager - Finance on 1st July 2015. He was promoted to Chief Operating Officer on 1st June 2016.

Mr. Wong oversees the day to day operations of the company's activities, especially in supporting departments such as Corporate Reporting, Finance, Human Resources, IT, Marketing, Estimation & Special Business Unit.

Mr. Wong obtained his Diploma in Commerce majoring in Management Accounting from Tunku Abdul Rahman College in 1991. He has been an Associate Member of The Chartered Institute of Management Accountants (CIMA) since 1997. He was also admitted as an Associate Member of the Malaysian Institute of Accountants in 2001. In 2004, he obtained his Master of Business Administration in Electronic Commerce from Charles Stuart University, Australia.

He started his career as an Audit Trainee with Ong & Wong. In 1991, he joined Chong Kee Ling & Son as an Accounts Assistant. He joined EAC Rubber Industries (M) Sdn. Bhd. later that same year as an Accounts Supervisor. He subsequently joined NKK International (M) Sdn. Bhd. as an Assistant Accountant in 1993. In 1995 he joined Cahaya Kelang Construction Sdn. Bhd. as an Accountant. He joined Success Electronic & Transformer Manufacturer (SETM) in 1998 as the Finance Manager and was promoted to the position of Group Finance Manager of Success Transformer Corporation Berhad in 2010 where he served until August 2014. Later he joined Eco Tower Sdn. Bhd. as General Manager (Finance) until May 2015. He was appointed as Executive Director of Seremban Engineering Berhad on 9th July 2015 and was later re-designated as Chief Operating Officer cum Executive Director. Subsequently, he resigned as Executive Director on 15th October 2019 to focus on operational matters as Chief Operating Officer.

NU FUI CHEE

General Manager, Marketing, Age 34, Male, Malaysian

Mr. Nu Fui Chee started as Marketing Executive with SEB on 10 Dec 2012 and was subsequently promoted to the General Manager, Marketing on 1st July 2016. He heads the marketing department of SEB in managing sales related activities and overseeing the business process flow of the company.

Mr. Nu graduated from Universiti of Tunku Abdul Rahman with a Bachelor of Business Administration (Hons) in 2008. He started his career with PK Agro-Industrial Products (M) Sdn Bhd (formally known as Charoen Pokphand Malaysia) a major raw material procurement company in year 2008 as Purchaser & Trader. He also handled major raw-materials trading activities for intra company during his tenure of the CP Group. Before he joined Seremban Engineering Berhad, he was the Assistant General Manager of Future Group of Companies for overseeing the business operations which included forwarding, logistics, warehousing, and cargo handling services the clients.

Additional Information:

None of the Key Senior Management has:

(i) hold directorship of any public companies;
(ii) any family relationship with any Director and/or major shareholder of the Company;
(iii) any conflict of interest with the Company;
(iv) any conviction for any offences, other than traffic offences (if any), within the past five (5) years.

CORPORATE GOVERNANCE ("CG") OVERVIEW STATEMENT

The Board of Directors ("Board") of Seremban Engineering Berhad ("the Company" or "SEB") presents this Statement to provide shareholders and investors with an overview of the CG practices of the Company and the subsidiaries ("Group" or "SEB Group") during the financial year ended ("FY") 30 June 2019. This overview takes guidance from the key CG principles set out in the new Malaysian Code on Corporate Governance ("Code").

This Statement is prepared in compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is to be read in conjunction with the CG Report 2019 ("CG Report") which is available at the Company's website at www.seb.net.my.

The CG Report provides the explanations on how the Group applied each Practice or provides suitable alternatives and deferred to the following year(s) as provided for in the Code during FY2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board Responsibilities

The Board acknowledges and fully supports the importance of CG in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders' value and performance of the Group on a sustainable and long-term basis.

The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also sets the Group's values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The key roles and responsibilities of the Board are formalised in the Board Charter. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Company's website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and the Chief Executive Officer ("CEO") are strictly separated. This is to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the CEO takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Board has formalised a Code of Conduct which reflects the Group's vision and core values of integrity, respect and trust. The core areas of concern include the following:

- compliance with laws
- fair dealing
- confidentiality and protection of company assets
- conflict of interest
- knowing your customer and proper documentation
- occupational, health, safety and environment

The Code of Conduct governs the conduct of the Directors and all employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. The Code of Conduct is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

(a) Board Responsibilities (Cont'd)

To maintain the highest standards of ethical conduct, the Group has a formal Whistle-blowing Policy and Procedures. As prescribed in this policy, the Board gave their assurance that employees' and third parties' identities will be kept confidential and whistle-blowers will not be at risk to any form of victimisation or retaliation from their superiors or any member of Executive Management provided that the reporting is in good faith.

All concerns raised will be investigated and whistle-blowers can report through telephone or via e-mail to the CEO. If this is considered inappropriate, reports can be made directly to the Chairperson of the AC.

The Code of Conduct and Whistle-blowing Policy and Procedures can be viewed on the Company's website.

The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in Executive Management, in avoiding instability by helping mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.

Given the current state of the Group's business and lifecycle, there is an informal succession plan for Executive Management put in place by the CEO. Going forward and at the relevant and appropriate time, the CEO will look into a structured approach to the said plan with the Board.

The Board members have full and unrestricted access to the Company Secretary who is competent and suitably qualified to act as company secretary under Section 235 of the Companies Act 2016 ("the Act"). In addition to her corporate secretarial administrative responsibilities, she also advises the Board on its key roles and responsibilities, corporate disclosures and compliance, CG developments and practices. These include obligations of Directors relating to disclosure of interest and disclosure of any conflicts of interest with the SEB group.

The Directors also receive updates from time to time on relevant new laws and regulations. Visits by the Non-Executive Directors to the Group's businesses were also arranged to enhance their knowledge in respect of the Group's businesses as well as for better awareness of the risks associated with the Group's operations.

The Board is fully aware that continuous training for the Directors is vital for them in discharging their duties effectively. Hence, all Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially Listing Requirements and in the areas of CG and regulatory requirements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

(a) Board Responsibilities (Cont'd)

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2019 were as follows:

Name of Directors	Training Programmes/Seminars/Conferences
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	• Business Transformation – Drive Impactful Performance Results • Working Cum Study Visit On Plantation At Danum Sinar Sdn Bhd (Plantation Company) In Murum, Balaga, Bintulu, Sarawak • Business & Digital Transformation – Drive Impactful Performance Results & Shape the Productivity Mindset • MH 17: The Quest For Justice
Wong Wai Hung	• 2019 Tax Strategies Planning Workshop • Sustainability: Governance 2019 • MFRS 9 Financial Instruments - Applying It Right for the First Time • Anti-Bribery Management System
See Boon Chun	• Anti-Bribery Management System
Tan Ah Bah @ Tan Ah Ping	• Anti-Bribery Management System
Ms. Chan Foong Ping	• Advocacy Programme on CG Assessment using the revised ASEAN CG Scorecard Methodology • Companies of the Future - The Role for Boards • Non-Financials - Does It Matter • MIA Town Hall 2019 • MIA's Engagement Session with Audit Committee Members on Integrated Reporting • CG Watch: How Does Malaysia Rank • Special Pathways - Developing a Digitalised Accounting Practice • Cyber Security in the Boardroom

The Board (via the NC and with assistance of the Company Secretary) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

(b) Board Composition

The Group is led by an experienced diversified and yet sleek Board which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in areas relevant to enhance the growth of Group's business. The Directors collectively bring to bear their wide and varied technical, financial, corporate, and engineering experience to enable the Board to lead and control the Group effectively.

The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This annual evaluation is facilitated by the Company Secretary and conducted using the AC evaluation questionnaire, Board members' self and peer evaluation form, Independent Directors evaluation form, Directors' evaluation form, and Board and Board committee evaluation form.

Completed evaluation forms and the results of the evaluations are collated into a report and deliberated on by the NC and subsequently by the Board and key issues arising thereon, if any are identified for further action by the Executive Management.

Based on the evaluation carried out for FY2019, the NC has informed the Board that it was satisfied with the effectiveness of the Board and Board committees and the contribution and performance of each individual Director.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

(b) Board Composition (Cont'd)

The Company currently has five (5) members on the Board, of which three (3) are Independent Directors. This is in compliance with the Practice 4.1 of the Code which stipulates that at least half of the Board comprises Independent Directors. The Board is of the view that the existing representation of high calibre Independent Non-Executive Directors has provided the necessary balance and the current composition and size have constituted an effective Board to SEB Group to ensure more fresh ideas and viewpoints available to the Board. Having said that, the Board (via the NC) shall endeavour to identify and evaluate suitable candidates as Independent Director(s) from time to time.

The Board currently has one (1) female only among its five (5) members. The Board opined that given the current state of the Group's business and life cycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold as stipulated in Practice 4.5 for the Large Companies.

Nevertheless, the Board supports the initiative to include female representation on the Board to achieve a more gender diversified Board. Henceforth, the Board is on the look out for potential female candidates to be appointed as additional female Director(s) as and when suitable candidate(s) is/are identified. No timeframe has been set for this search.

Diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. The Board's policy on diversity aims to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment and promotion. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

The NC is responsible for the appointment of Directors and Executive Management and delegated the role of screening and conducting initial selection, which includes an external search to Head of Human Resource Department, before making any recommendations to the Board for approval.

(c) Remuneration

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of the Directors. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his or her own remuneration. The RC is guided by their years of experience when making recommendations for the compensation and benefits of Directors.

The RC's recommended remuneration for Executive Directors is subject to Board's approval as it is ultimately the responsibility of the Board to approve the remuneration of such Directors. In relation to the fees and allowances for Directors, it will be presented at the annual general meeting ("AGM") for shareholders' approval.

As at to date, the Board has yet to formalise the Remuneration Policy and Procedures of Directors and Executive Management as stipulated by Practice 6.1 of the Code. Nevertheless, the Board shall formalise the said policy by FY2020.

The number of Directors of the Company whose income falls within the following bands are set out as follows:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
RM50,000 to RM100,000	-	3
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	1	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	1	-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

The aggregate remuneration paid or payable to all Directors are further categorised into the following components:

Group & the Company	**Fees * RM'000**	**Salaries & other emoluments RM'000**	**Benefits-in -kind RM'000**	**Total RM'000**
Executive	120	794	24	938
Non-executive	216	-	4	220

** Subject to the approval of shareholders*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) Audit Committee

The AC comprises three (3) members at the date of this report, majority of whom are Independent Directors. The AC Chairperson is Ms Chan Foong Ping.

The AC has in place policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC shall seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations are made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 25 to 28 of this Annual Report.

(b) Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent assurance provider to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management processes and system of internal control were in place during FY2019 for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 29 to 31 of this Annual Report.

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

(a) Communication with Stakeholders

The Board is committed to ensuring that communications to stakeholders and the investing public in general is timely and factual and are available on an equal basis. The Board also aims to maintain a positive relationship with the different groups of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.

The responsibility for the release of announcements and information by the Group to Bursa Securities, lies with the General Manager, Finance, the Executive Directors and/or the Company Secretary within the prescribed requirements of the Listing Requirement.

(a) Communication with Stakeholders (Cont'd)

The Group utilises a number of formal channels of communication to effectively disseminate information to shareholders and other stakeholders, particularly via annual reports, circulars or statements to shareholders, quarterly financial statements and annual audited financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only released after having been reviewed by the Executive Directors and/or the Board where necessary.

The Company's website also provides all relevant information to stakeholders and the investing community. Quarterly financial statement and annual audited financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the Company's website for investors and the public.

Any shareholders' queries or concerns relating to the Group may be conveyed to the CEO at the principal place of business as detailed below:

Lot 1A – 1C, Lorong Bunga Tanjung 1/3,
Senawang Industrial Park, 70400 Seremban,
Negeri Sembilan Darul Khusus, Malaysia.
Tel: (606) 677 5898
Fax: (606) 677 5162
Dedicated Email: ceo@seb.net.my

The AC Chairperson is designated by the Board to be the contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the CEO. The AC chairperson can also be contacted at the above address or dedicated email at ac@seb.net.my.

(b) Conduct of General Meetings

The AGM serves as a principal forum for the Group's dialogue with shareholders. All shareholders are encouraged to attend the AGM, during which they can participate and are given the opportunity to ask questions and vote on important matters affecting the Group, including the election/re-election of Directors, business operations, and the financial performance and position of the Group.

Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 40th AGM to address any shareholders' queries at the meeting. The external auditors will also be present at the forthcoming 40th AGM to answer shareholders' queries on their audit processes and report, the accounting policies adopted by the Group, and their independence.

In line with Practice 12.1 of the Code, the Company's Notice of the forthcoming 40th AGM shall be given to shareholders at least twenty-eight (28) days prior to the said meeting.

This CG Overview Statement is made in accordance with a resolution of the Board on 11 October 2019.

AUDIT COMMITTEE ("AC") REPORT

1. COMPOSITION OF AUDIT COMMITTEE

The AC of Seremban Engineering Berhad ("the Company" or "SEB") comprises three (3) members, all of whom are Non-Executive Directors with a majority of them being Independent. This meets the requirement of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Should there be a vacancy in the AC resulting in the non-compliance of Paragraphs 15.09 (1) and 15.10 of the Listing Requirements, the Company must fill up the vacancy within three (3) months thereof.

The Board, through the Nomination Committee ("NC") will review annually the terms of office of AC members and assess the performance of the AC through an annual AC effectiveness evaluation. The Board is satisfied that during the financial year ended ("FY" or "FYE") 30 June 2019, the AC and its members have been able to discharge their functions, duties and responsibilities in accordance to the terms of reference ("ToR") which is set out at SEB's corporate website www.seb.net.my, thereby supporting the Board in ensuring appropriate CG standards within the Company and the subsidiaries ("Group" or "SEB Group"). The AC membership is detailed in the Corporate Information on page 3 of this Annual Report.

2. MEETINGS & MINUTES

A total of six (6) AC meetings were held during the financial year under review and the attendance records are as follows:

Name of member	Designation	Attendance
Chan Foong Ping	Chairman	6/6 (100%)
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Member	6/6 (100%)
Tan Ah Bah @ Tan Ah Ping	Member	6/6 (100%)

The AC invited all the Executive Directors to attend all the AC meetings to provide clarification on the audit and risk related issues and to report on the overall operations of the Group while Executive Management of the relevant operations also attended as and when required by the AC.

The lead audit engagement partners of the external auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia) ("Crowe") responsible for the Group's audit, attended three (3) of those AC meetings. Matters discussed included audit review in relation to their annual audit matters, areas of audit focus and key audit matters, auditor's independence and planning for the next financial year's audit as well as to raise any matter they considered important for the AC's attention. The lead audit engagement partner had declared their independence to the Group and their compliance with By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The AC Chairperson also obtained confirmation from the external auditors that the Executive Management had given its full support and unrestricted access to information as required by the external auditors to perform their duties.

The AC also had two (2) private sessions with external auditors where the external auditors were given the opportunity to raise any matters without the presence of Management staff and the Executive Directors. There were no other areas of concern considered important that had not been raised by external auditors with the AC and/or that needed to be escalated to the Board.

The AC was satisfied with the suitability of Crowe as external auditors and quality of services provided after having considered the adequacy of experience and resources of the firm and the professional staff assigned to the audit, level of audit and non-audit services to be rendered to the Company.

2. MEETINGS & MINUTES (Cont'd)

However, on 18 October 2019 Crowe Malaysia PLT had indicated their intention to retire at the forthcoming annual general meeting. The AC confirmed that there were no disagreements with Crowe Malaysia PLT on the accounting treatment within the last twelve (12) months and that it is not aware of any other circumstances in relation to the retirement of Crowe Malaysia PLT that should be brought to the attention of the shareholders of the Company.

On 21 October 2019, the Company received a letter from MIE Industrial Sdn Bhd, a substantial shareholder of the Company nominating PricewaterhouseCoopers PLT ("PwC") as the new auditors of the Company for FY2020. The proposed change of auditors is to be in line with the ultimate holding company's policy to streamline the auditors for the Group.

The AC is satisfied with the quality of services, sufficiency of resources, performance, independence and professionalism of PwC, and their ability to conduct the external audit within an agreeable timeline fixed by the Management. The AC accordingly recommends and the Board has accepted the proposed resolution for shareholders' approval at the forthcoming 40th Annual General Meeting of the Company for the appointment of PwC as the external auditors of the Company for FY2020 in place of the retiring auditors, Crowe Malaysia PLT.

The AC also assisted the Board to facilitate the establishment of the risk management framework. During the financial year under review, the AC reviewed the key corporate risk profiles, risk assessment of core business processes, operational risks reported by the operational level Risk Management Committee ("RMC") which comprises, the Chief Executive Officer cum Executive Director and relevant Heads of Departments ("HoD"). The RMC held four (4) meetings in FY2019 and reviewed the findings consolidated and prioritised by the divisions and/or departments on the risks evaluated under their purview, prior to reporting to the AC for further deliberation. From there, the RMC formalised the processes for identifying, evaluating, and managing risk so as to ensure that the risk management process and culture are embedded throughout the Group as well as carried out the continuous review of risks and effectiveness of mitigation strategies and report to the AC on a quarterly basis. Minutes of the RMC meetings which recorded these deliberations were presented to the AC for notation.

The AC also reviewed the related party transactions entered into by the Group on a quarterly basis to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.

If any matter reported by the AC to the Board that has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to the Bursa Securities. There was no such matters noted for FY2019.

Deliberations during the AC meetings, including the issues tabled and rationale adopted for decisions, were recorded. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. The Company Secretary shall be responsible for keeping the minutes of AC meetings and distribution to all members of the Board.

3. AUTHORITY

The AC is authorised to investigate any activity of the Company within its ToR. The ToR is reviewed periodically or as and when required by the AC and recommendations on any revision will be made to the Board for approval.

All employees shall be directed to co-operate with any request made by the AC. The AC shall have unrestricted access to any information pertaining to the Company and have direct communication channels with both the external and internal auditors at any time should they become aware of incidents or matters during the course of their audits or reviews, when applicable and to the Executive Management of the Group.

AC REPORT
(CONT'D)

4. SUMMARY OF WORK

During the financial year, the main activities undertaken by the AC were as follows:

Activities with regards to External Audit:

a) Reviewed the Group's unaudited quarterly consolidated financial results and recommended to the Board for approval;
b) Discussed and recommended the Audit Planning Memorandum for the FY2019 for the Board's notation;
c) Reviewed and recommended the Audit Review Memorandum for the FY2018 and the response from the Management and recommended the same for the Board's notation;
d) Reviewed and evaluated factors relating to the independence of the external auditors. The AC worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
e) Considered and recommended to the Board for approval of the audit fees payable to the external auditors; and
f) Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and made the necessary recommendations.

Activities with regards to Internal Audit:

a) Discussed and recommended the internal audit (or "IA") reports together with the recommendations and Management's responses as tabled by the internal auditors for the Board's notation;
b) Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement and ensured improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management Team in a separate forum as well as the implementation of these recommendations through follow-up IA reports;
c) Discussed and reviewed the annual internal audit plan for FY2020 ("Annual IA Plan") and programs as tabled by the internal auditors for the Board's notation;
d) Assessed and reviewed the internal audit function for its adequacy and effectiveness;
e) Reviewed the performance and competency of the internal auditors and approved the re-appointment of internal auditors; and

Activities with regards to Financial Statements:

a) Reviewed the quarterly unaudited financial results and Bursa announcements before recommending to the Board for approval focusing particularly on:
   - any changes in accounting policies and practices
   - significant adjustments arising from the audit
   - the going concern assumption
   - compliance with applicable financial reporting standards and other legal requirements as well as the provisions of the Companies Act 2016 ("the Act")
b) Reviewed the annual Audited Financial Statements of the Company and the Group for the FYE2018 and to recommend for the Board's approval prior to submission to the Board for approval. This was to ensure compliance of the financial statements with the provisions of the Act and the applicable approved accounting standards as per the Malaysian Accounting Standards Board;
c) Reviewed the Company and the Group's compliance with the Listing Requirements, Malaysia Finance Reporting Standards and other relevant legal and regulatory requirements; and
d) Reviewed and discussed the Company's Budget for FY2019 and recommended to the Board for notation.

Activities with regards to Internal Control and Risk Management:

a) Reviewed and monitored principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommended additional course(s) of action to mitigate such risks;
b) Monitored and communicated the risk assessment results to the Board on a quarterly basis;
c) Assessed the actual and potential impact of any failures or weaknesses of the internal controls in place; and
d) Facilitated the establishment of the risk management framework and reviewed adequacy and effectiveness thereof from time to time.

4. SUMMARY OF WORK (Cont'd)

Other Activities:

a) Reviewed its ToR periodically and recommended to the Board on revision, where necessary;
b) Reviewed related party transactions and possible conflicts of interest situations that may arise within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question of Management's integrity;
c) Discussed and recommended acquisition, disposal and corporate exercise of the Company to the Board for approval;
d) Reviewed application of CG principles and the extent of the Group's compliance with the best practices set out under with the new Malaysian Code for Corporate Governance;
e) Reviewed the AC Report and the Statement on Internal Control and Risk Management for adoption by the Board; and
f) Discussed summary of assessment on the performance and effectiveness of AC and its members made by the NC.

5. INTERNAL AUDIT FUNCTION

The internal audit function is essential in assuring the Board of the effectiveness of the system of internal control maintained by the management. To achieve this objective, the Company outsourced its internal audit function to NGL Tricor Governance Sdn Bhd ("NGL Tricor"), an independent assurance provider which reports directly to the AC.

The internal auditors were present at two (2) AC meetings during the financial year under review. The internal auditors presented its internal audit reports to the AC highlighting the weaknesses and proposed improvements in relation to the Company's Information Technology General Control and Quality Assurance / Quality Control Management functions. In addition, the Annual IA Plan was also discussed and approved. From there, the AC updated the Board on significant issues for the Board's attention.

The relevant HoDs of the specific audit subjects were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframe. Subsequently, management to conduct follow-up audits to ensure that corrective actions were implemented appropriately. In this respect, the internal audit has added value by improving the control processes within the Group. The total cost incurred for the internal audit function for FY2019 was RM37,625.

The Statement on Risk Management and Internal Control set out on pages 29 to 31 of this Annual Report contains further details on the principal responsibilities of the activities undertaken by the internal auditors in FY2019 and up to date of this Statement.

To ensure that the responsibilities of the internal auditors are fully discharged, the AC reviewed the adequacy of the scope, functions and resources as well as the competency of the internal auditors. Satisfied with the performance of NGL Tricor and feedback by the Management Team, the AC is of the view that NGL Tricor is free from any relationships or conflicts of interest with those involved and is capable of carrying out the internal audit reviews. Accordingly, the AC approved for the Group to continue to outsource the internal audit function to NGL Tricor in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system for FY2020.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Seremban Engineering Berhad ("the Company" or "SEB") ("Board") is pleased to provide the following Statement on Risk Management and Internal Control ("Statement") pursuant to Paragraph 15.26 (b) of Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle B(II) of the new Malaysian Code on Corporate Governance.

This Statement outlines the nature and scope of risk management and internal control of the Company and its subsidiaries ("the Group") for the financial year ended ("FYE") 30 June 2019 and up to the date of this Statement.

BOARD'S RESPONSIBILITIES

The Board is responsible for the Group's risk management and to review the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investments and Group's assets. As such, the Board ensures that a sound system of internal control is in place.

The system of internal control is reviewed by the Board in accordance with the guidelines for *Directors of Listed Issuers on the Statement on Risk Management and Internal Control ("Guidelines")*. Due to inherent limitations in any system of internal control, such system can only manage, rather than eliminate risks of failure in achieving the Group's business objectives and to provide reasonable, but not provide absolute assurance against material misstatement or loss.

The adequacy and effectiveness of internal controls were reviewed by the Audit Committee ("AC") in relation to the internal audits conducted by an independent assurance provider, NGL Tricor Governance Sdn Bhd (or "internal auditors") during the financial year under review. Audit issues and actions taken by Management to address the issues tabled by internal auditors were deliberated during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

THE SYSTEM OF INTERNAL CONTROL

The principal elements of the Group's system of internal controls are summarised as follows:

1. A documented hierarchical organisational structure defining the lines of management responsibility, authority and appropriate reporting structure;

2. Appropriate authority limits are established for the approval process, thereby minimising the risk of unauthorised transactions;

3. Internal control policies, procedures and manuals are updated from time to time. These policies, procedures and manual are further strengthened with the implementation of ISO9001:2015 Quality Management System;

4. An integrated Code of Conduct and whistle-blowing policy and procedures are in place and available at the Company's website to set the pace of upholding integrity and ethical values within the Group;

5. Financial statements and management information are provided to the AC and the Board on a quarterly basis for review. These reviews help the AC and the Board members to complement its understanding of the system of internal control and risk management in the Group;

6. An annual budgetary system is in place. A quarterly review of the annual budget, status of order books, sales, work-in-progress and key operational performance indicators is undertaken by Management to identify and where appropriate, to address significant variances from the budget. The Executive Summary entailing the comparison between the actual and budgeted results are tabled together with the quarterly financial results to the AC and the Board for deliberation and approval;

7. Management and operational meetings are held to monitor and review the operational performance and changes in the business environments. These meetings were led by the Executive Directors and attended by the Executive Management;

THE SYSTEM OF INTERNAL CONTROL (Cont'd)

The principal elements of the Group's system of internal controls are summarised as follows: (Cont'd)

8. Significant corporate matters and its status are discussed at the Management meetings, if any, are brought to the Board meetings for further deliberation and review by the Board members;

9. Appointment of staff is based on the required level of qualification, experience and competency to fulfill their responsibilities. Trainings and development programs are provided as part of the management succession plan for selected staff to further enhance their skill and capability; and

10. Independent appraisals by internal auditors to ensure on-going compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

RISK MANAGEMENT FRAMEWORK

The Board is aware that an effective risk management system is an integral part of the daily operation of the Group and acknowledges its responsibility to put in place an on-going process for identifying, evaluating and managing the significant risks faced by the Group.

During the financial year under review, the Board maintains a database of risks specific to the Group together with their corresponding controls, which are categorised as follows:

- Project, which are risks that affect the overall project implementation function of the Group;
- Operational, which are risks that impact the division operation and management operation of the Group; and
- People, who are risks that affect efficiency, productivity, retention and promotion of employees.

The Group has set up an operational working group, the Risk Management Committee ("RMC") to facilitate the establishment of an Enterprise Risk Management framework. The RMC comprising the Chief Operating Officer ("COO") cum Executive Director and the respective Heads of Department ("HoDs"), are tasked to discuss, evaluate and report to the AC on those significant risks identified and the corresponding internal controls implemented, so as to mitigate such risks.

The RMC reports to the AC on a quarterly basis, on the status of risk mitigation actions, new risks identified and whether those significant risk identified are properly monitored, managed, and mitigated to an acceptable level. Minutes of the RMC meetings which recorded these deliberations were presented to the AC.

Up to the date of this Statement, the RMC had met four (4) times wherein discussions were on the key principal risks faced by the Group and the action plans proposed.

The Chief Executive Officer ("CEO") and COO also report to the Board on significant changes in the business and the external environment which may affect the operations. Financial information, key performance and risk indicators are also reported on a quarterly basis to the Board.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent assurance provider, NGL Tricor Governance Sdn Bhd to review the adequacy and effectiveness of the internal control systems of the business units. The total cost incurred for the internal audit function for FYE2019 was RM 37,625.00.

The internal auditors adopted a risk-based approach in accordance with the International Professional Practices Framework and COSO Framework and prepared the audit strategy and plan based on the risk profiles of the business units of the Group. Audits were carried out according to the annual audit plan approved by the AC. The internal audit reports from the annual audits undertaken are presented to the AC at its regular meetings for review, discussion, and actions plan on matters raised in the reports, which among other matter, include findings relating to the adequacy and effectiveness of the internal control system of the Group.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
(CONT'D)

INTERNAL AUDIT FUNCTION (Cont'd)

After the AC had deliberated on the internal audit findings, the same were then forwarded to the relevant HoDs of the specific audit subject for attention and necessary actions. The relevant HoDs are responsible for ensuring recommended corrective actions on reported weaknesses were taken within the required time frame.

The AC Report set out on pages 25 to 28 of this Annual Report contains further details on the principal responsibilities of and activities undertaken by the internal auditors in FYE 2019 and up to the date of this Statement.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

In accordance with Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control and risk management.

CONCLUSION

The Board acknowledges its overall responsibility for ensuring a sound and effective system of risk management and internal control is maintained throughout the Group to safeguard shareholders' investment and Group's assets. The Board has received assurance from the CEO and COO cum Executive Director that regular review of its effectiveness and adequacy of the Group's internal controls will be in place to ensure that risk management and internal control system are operating adequately and satisfactorily, in all material aspects, based on the risks identified.

The risks taken are at an acceptable level within the context of the business environment throughout the Group and there were no significant internal control deficiencies or weaknesses resulting in material losses, contingencies or uncertainties during the financial year and up to the date of issuance of the financial statements that would require separate disclosure in this Annual Report.

With the Enterprise Risk Management framework and setting up of the RMC, the Board continues to take pertinent measures to maintain a sound system of internal control and will strive for continuous improvement where necessary to further enhance the Group's risk management system and system of internal control in meeting the Group's strategic objectives.

This Statement was approved by the Board on 11 October 2019.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia) in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 30 June 2019 are as follows:

	The Company RM	The Group RM
Audit fees	105,000	109,000
Non-audit fees	5,000	5,000

3. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiary companies have entered into any material contract which involved the Directors' and/or major shareholders' interest, which were still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

There were no recurrent related party transactions undertaken during the financial year.

DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Act in Malaysia and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

The Board, after due consideration, is satisfied that the financial statements for the financial year ended 30 June 2019 has been prepared adopting appropriate accounting policies and applied them consistently and made judgement and estimation that are reasonable and prudent. The Board also considers that relevant approved accounting standards have been followed and confirms that the financial statements have been prepared on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

SEREMBAN ENGINEERING BERHAD
1979010001059
(45332-x)

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of fabrication of process equipment and metal structures and the provision of maintenance, repair and shutdown works. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after tax for the financial year	(4,331,356)	(4,318,248)
Attributable to:		
Owners of the Company	(4,331,356)	(4,318,248)

DIVIDENDS

No dividend was recommended by the directors for the 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.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company transfered the share premium of RM 5,583,931 to share capital pursuant to Section 618(2) of the Companies Act 2016. There were no issues of debentures by the Company during the financial year.

TREASURY SHARES

As at 30 June 2019, the Company held as treasury shares a total of 319,200 of its 80,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 157,426. The details on the treasury shares are disclosed in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 24 and 25 to the financial statements respectively.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

See Boon Chun	
Wong Wai Hung	
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	
Tan Ah Bah @ Tan Ah Ping	
Chan Foong Ping	
Ir. Ngim Chin Kim	*(Appointed on 19 September 2019)*
Dato' Ir. Mohtar Bin Musri	*(Appointed on 11 October 2019)*
Mustaffa Bin Ja'afar	*(Appointed on 11 October 2019)*

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Tan Chung Ling
Tan Wei Neng

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

The Company

		Number of Ordinary Shares			
		At 01.07.2018	**Bought**	**Sold**	**At 30.06.2019**
Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	– Direct	50,000	-	-	50,000
Tan Ah Bah @ Tan Ah Ping	– Direct	56,533	-	-	56,533
	– Indirect *	55,493,219	-	-	55,493,219

* *Deemed interested by virtue of his spouse's and daughter's direct interests in the Company and his substantial interests in OASB and Success Transformer Corporation Berhad.*

Ultimate Holding Company – Omega Attraction Sdn. Bhd. ("OASB")

		Number of Ordinary Shares			
		At 01.07.2018	**Bought**	**Sold**	**At 30.06.2019**
Tan Ah Bah @ Tan Ah Ping	– Direct	51,000	-	-	51,000
	– Indirect #	49,000	-	-	49,000

Deemed interested by virtue of his spouse's direct interest in OASB.

By virtue of his interest in the shares of OASB, Mr. Tan Ah Bah @ Tan Ah Ping is deemed to have an interest in shares of the Company and its related corporations during the financial year to the extent that OASB has an interest.

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

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 directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 22 to the financial statements.

INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM 5,000,000 and RM 9,325 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

HOLDING COMPANIES

The immediate and ultimate holding companies are Success Transformer Corporation Berhad ("STC") and Omega Attraction Sdn. Bhd. respectively. Both the aforesaid holding companies are incorporated in Malaysia.

On 3 September 2019, STC entered into Share Sale Agreement ("SSA") with MIE Industrial Sdn. Bhd. ("MIE") to dispose 52,000,000 shares in Seremban Engineering Berhad and completed the disposal on even date. Thereafter, the directors regard MIE, a company incorporated in Malaysia as its ultimate holding company.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed in accordance with a resolution of the directors dated 11 October 2019

See Boon Chun

Wong Wai Hung

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, See Boon Chun and Wong Wai Hung, being two of the directors of Seremban Engineering Berhad, state that, in the opinion of the directors, the financial statements set out on pages 44 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 11 October 2019

See Boon Chun **Wong Wai Hung**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Wong Wai Hung, MIA Membership Number: 12414, being the director primarily responsible for the financial management of Seremban Engineering Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 101 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Wong Wai Hung at Muar in the State of Johor Darul Takzim
on this 11 October 2019

Wong Wai Hung

Before me

Commissioner for Oaths

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Seremban Engineering Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SEREMBAN ENGINEERING BERHAD
(CONT'D)

Key Audit Matters (Cont'd)

Impairment assessment of property, plant and equipment
Refer to Note 6 in the financial statements

Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group and the Company have property, plant and equipment with aggregate carrying amount of RM 32,785,881 and RM 32,786,757 respectively as at 30 June 2019. The management carried out an impairment assessment on the Group's and Company's property, plant and equipment as a result of the existence of an impairment indicator as the Group and Company have reported net losses for the current and previous financial years. The management performed a value-in-use computation to arrive at the recoverable amounts of the assets. In addition, the management also used valuations carried out by independent external valuers on major property, plant and equipment to support the carrying value of the assets.	The following audit procedures have been undertaken: (a) Value-in-use computation (i) Assessed the reliability of management's forecast by comparing past trends of actual financial performances against previous forecasted results. (ii) Benchmarking key assumptions used in the discounted cash flows, such as revenue growth, operating profit margins and discount rate, against the historical performance. (iii) Performed sensitivity analysis on revenue growth rates, operating profit margins and discount rates to evaluate impact on the impairment assessment. (b) Independent valuations (i) Evaluated the objectivity, independence and capabilities of the professional valuers. (ii) Obtained an understanding and assessed the appropriateness of the valuation methodology adopted by the professional valuers.

Revenue recognition for construction contracts
Refer to Note 13 in the financial statements

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue recognition for construction contracts is recognised base on the input method. The input method is determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. This requires the management to exercise significant judgement in estimating the total costs to complete. In estimating the total costs to complete, the management considers the completeness and accuracy of its cost estimation, including its obligations to contract variations and claims. The total cost to complete may be incorrectly estimated due to unforeseen events occur before completion.	The following audit procedures have been undertaken: (i) Testing the costs incurred to date and reviewing the management's assessment in identification of costs which are attributable to and therefore allocated to each respective project. (ii) Inspecting documentation to support cost estimates made for selected sample projects. (iii) Enquiring about variances, if any, to the contract revenue and estimated costs in respect of ongoing or completed projects.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the other sections of the 2019 Annual Report, which is expected to be made available to us after that date.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SEREMBAN ENGINEERING BERHAD
(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

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

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

OTHER MATTERS

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ng Kim Hian
02506/04/2021 J
Chartered Accountant

Muar, Johor Darul Takzim

Date: 11 October 2019

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	32,785,881	38,866,763	32,786,757	43,477,360
Investment properties	7	16,202,497	12,225,347	20,812,219	12,225,347
Investments in subsidiaries	8	-	-	-	-
Investment in associate	9	-	-	-	-
Investment in joint venture	10	-	-	-	-
		48,988,378	51,092,110	53,598,976	55,702,707
CURRENT ASSETS					
Inventories	11	6,604,212	13,192,799	6,604,212	13,192,799
Trade and other receivables	12	13,573,867	21,472,143	13,574,740	21,469,970
Contract assets	13	8,557,537	4,113,894	8,557,537	4,113,894
Current tax assets		-	1,052,700	-	1,052,700
Deposits, bank and cash balances	14	1,828,550	338,893	1,804,331	288,411
		30,564,166	40,170,429	30,540,820	40,117,774
TOTAL ASSETS		79,552,544	91,262,539	84,139,796	95,820,481
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	45,583,931	40,000,000	45,583,931	40,000,000
Treasury shares	16	(157,426)	(157,426)	(157,426)	(157,426)
Reserves	17	(25,454,364)	(14,730,737)	(20,853,200)	(10,142,681)
TOTAL EQUITY		19,972,141	25,111,837	24,573,305	29,699,893
NON-CURRENT LIABILITIES					
Bank borrowings	18	11,844,327	11,793,843	11,844,327	11,793,843
Hire purchase payables	19	1,027,219	1,141,248	1,027,219	1,141,248
		12,871,546	12,935,091	12,871,546	12,935,091
CURRENT LIABILITIES					
Trade and other payables	20	24,128,261	20,976,921	24,114,349	20,946,807
Contract liabilities	13	652,529	652,425	652,529	652,425
Bank borrowings	18	21,414,200	31,157,330	21,414,200	31,157,330
Hire purchase payables	19	495,343	428,935	495,343	428,935
Current tax liabilities		18,524	-	18,524	-
		46,708,857	53,215,611	46,694,945	53,185,497
TOTAL LIABILITIES		59,580,403	66,150,702	59,566,491	66,120,588
TOTAL EQUITY AND LIABILITIES		79,552,544	91,262,539	84,139,796	95,820,481

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	21	65,922,097	70,728,104	65,922,097	70,728,104
COST OF SALES		(60,518,100)	(68,860,893)	(60,518,100)	(68,860,893)
GROSS PROFIT		5,403,997	1,867,211	5,403,997	1,867,211
OTHER INCOME		1,267,064	1,280,692	1,267,064	1,280,692
ADMINISTRATIVE EXPENSES		(7,452,650)	(7,966,609)	(7,439,542)	(7,954,863)
OTHER EXPENSES		(497,755)	(98,587)	(497,755)	(98,587)
FINANCE COSTS	23	(2,634,478)	(2,441,597)	(2,634,478)	(2,441,597)
NET IMPAIRMENT (LOSS)/GAIN ON FINANCIAL ASSETS	24	(394,750)	2,428,822	(394,750)	2,428,822
LOSS BEFORE TAX	25	(4,308,572)	(4,930,068)	(4,295,464)	(4,918,322)
INCOME TAX (EXPENSE)/CREDIT	26	(22,784)	204	(22,784)	(8,554)
LOSS AFTER TAX AND TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(4,331,356)	(4,929,864)	(4,318,248)	(4,926,876)
LOSS PER SHARE (SEN)					
Basic	27	(5)	(6)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Group	Note	Share capital RM	Treasury shares RM	Non-Distributable Share premium RM	Distributable Accumulated losses RM	Total equity RM
Balance at 1 July 2017		40,000,000	(157,426)	5,583,931	(15,384,804)	30,041,701
Loss after tax and total comprehensive expense for the financial year		-	-	-	(4,929,864)	(4,929,864)
Balance at 30 June 2018/1 July 2018		40,000,000	(157,426)	5,583,931	(20,314,668)	25,111,837
Changes in accounting policies	32	-	-	-	(808,340)	(808,340)
Balance at 30 June 2018/1 July 2018 (restated)		40,000,000	(157,426)	5,583,931	(21,123,008)	24,303,497
Loss after tax and total comprehensive expense for the financial year		-	-	-	(4,331,356)	(4,331,356)
Contributions by and distribution to owners of the Company: – Transfer to share capital upon implementation of the Companies Act 2016	15	5,583,931	-	(5,583,931)	-	-
Balance at 30 June 2019		45,583,931	(157,426)	-	(25,454,364)	19,972,141

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
(CONT'D)

The Company	Note	Share capital RM	Treasury shares RM	Non-Distributable Share premium RM	Distributable Accumulated losses RM	Total equity RM
Balance at 1 July 2017		40,000,000	(157,426)	5,583,931	(10,799,736)	34,626,769
Loss after tax and total comprehensive expense for the financial year		-	-	-	(4,926,876)	(4,926,876)
Balance at 30 June 2018/1 July 2018		40,000,000	(157,426)	5,583,931	(15,726,612)	29,699,893
Changes in accounting policies	32	-	-	-	(808,340)	(808,340)
Balance at 30 June 2018/1 July 2018 (restated)		40,000,000	(157,426)	5,583,931	(16,534,952)	28,891,553
Loss after tax and total comprehensive expense for the financial year		-	-	-	(4,318,248)	(4,318,248)
Contributions by and distribution to owners of the Company:						
– Transfer to share capital upon implementation of the Companies Act 2016	15	5,583,931	-	(5,583,931)	-	-
Balance at 30 June 2019		45,583,931	(157,426)	-	(20,853,200)	24,573,305

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(4,308,572)	(4,930,068)	(4,295,464)	(4,918,322)
Adjustments for:					
Allowance for impairment losses on receivables		394,750	16,048	394,750	16,048
Bad debts written off		85,373	-	85,373	-
Depreciation of property, plant and equipment		1,883,964	2,105,105	1,883,962	2,105,105
Depreciation of investment properties		234,638	-	234,638	-
Gain on disposal of property, plant and equipment		(62,996)	(33,999)	(62,996)	(33,999)
Impairment loss on property, plant and equipment		412,382	-	412,382	-
Inventories written down		425,028	839,493	425,028	839,493
Reversal of allowance for impairment losses on receivables		-	(2,444,870)	-	(2,444,870)
Unrealised (gain)/loss on foreign exchange		(18,591)	26,504	(18,591)	26,504
Interest expenses		2,634,478	2,441,597	2,634,478	2,441,597
Interest income		(9,105)	(4,925)	(9,105)	(4,925)
Operating profit/(loss) before working capital changes		1,671,349	(1,985,115)	1,684,455	(1,973,369)
Inventories		10,794,919	2,561,817	10,794,919	2,561,817
Trade and other receivables		7,400,870	11,192,386	7,397,824	11,192,794
Trade and other payables		(6,041,780)	(14,772,150)	(6,025,578)	(14,721,294)
Contract assets/(liabilities)		(6,628,309)	8,383,530	(6,628,309)	8,383,530
CASH FROM OPERATIONS		7,197,049	5,380,468	7,223,311	5,443,478
Interest paid		(2,634,478)	(2,441,597)	(2,634,478)	(2,441,597)
Interest received		9,105	4,925	9,105	4,925
Tax paid		(5,160)	(19,140)	(5,160)	(8,730)
Tax refund		1,053,600	80,345	1,053,600	-
NET CASH FROM OPERATING ACTIVITIES		5,620,116	3,005,001	5,646,378	2,998,076
CASH FLOWS FOR INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		141,000	161,357	141,000	161,357
Purchase of property, plant and equipment	6(c)	(271,382)	(778,232)	(271,381)	(778,232)
Purchase of investment property		(23,322)	-	(23,322)	-
Increase in pledged deposit with licensed bank		(3,376)	(2,663)	(3,376)	(2,663)
NET CASH FOR INVESTING ACTIVITIES		(157,080)	(619,538)	(157,079)	(619,538)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
(CONT'D)

		The Group		The Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advance from/(Repayment to) immediate holding company		6,212,712	(1,443,540)	6,212,712	(1,443,540)
Net movements in short-term borrowings		(3,597,754)	(4,112,715)	(3,597,754)	(4,112,715)
Drawdown of term loan		2,000,000	-	2,000,000	-
Repayment of term loans		(1,768,020)	(2,006,917)	(1,768,020)	(2,006,917)
Repayment of hire purchase payables		(506,177)	(676,810)	(506,177)	(676,810)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		2,340,761	(8,239,982)	2,340,761	(8,239,982)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,803,797	(5,854,519)	7,830,060	(5,861,444)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		9,356	(243,720)	9,356	(243,720)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(6,093,745)	4,494	(6,144,227)	(39,063)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28(b)	1,719,408	(6,093,745)	1,695,189	(6,144,227)

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:

Registered office	:	37-2, 2nd Floor, Jalan Radin Bagus Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan
Principal place of business	:	Lot 1A – 1C Lorong Bunga Tanjung 1/3 Senawang Industrial Park 70400 Seremban Negeri Sembilan

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 October 2019.

2. HOLDING COMPANIES

The immediate and ultimate holding companies are Success Transformer Corporation Berhad ("STC") and Omega Attraction Sdn. Bhd. respectively. Both the aforesaid holding companies are incorporated in Malaysia.

On 3 September 2019, STC entered into Share Sale Agreement ("SSA") with MIE Industrial Sdn. Bhd. ("MIE") to dispose 52,000,000 shares in Seremban Engineering Berhad and completed the disposal on even date. Thereafter, the directors regard MIE, a company incorporated in Malaysia as its ultimate holding company.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of fabrication of process equipment and metal structures and the provision of maintenance, repair and shutdown works. The principal activities of the subsidiaries are set out in Note 8. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 Going concern

The financial statements have been prepared on the assumption that the Group and the Company will continue to operate as going concern as the Company and its subsidiaries have received an undertaking of financial support from both the outgoing holding company, STC and incoming holding company, MIE as disclosed in Note 2.

4.2 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (including the Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

4. BASIS OF PREPARATION (Cont'd)

4.2 (Cont'd)

MFRSs and/or IC Interpretations (including the Consequential Amendments) (Cont'd)

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15: Effective Date of MFRS 15
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'
Amendments to MFRS 140: Transfers of Investment Property
Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:

(a) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

(b) MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios.

The changes in accounting policies as a consequence of the adoption of above accounting standards (including the consequential amendments, if any) are presented in Note 32.

4.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	**Effective Date**
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

4. BASIS OF PREPARATION (Cont'd)

4.3 (Cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognised their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

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 financial year other than as disclosed below:

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Property, Plant and Equipment and Investment Properties

The Group determines whether its property, plant and equipment and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets.

(e) Impairment of Non-trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(f) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed todate over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.2 Basis of Consolidation (Cont'd)

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 : MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.4 Investment in Associate

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in associate is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 June 2019. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.4 Investment in Associate (Cont'd)

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2018 : MFRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

5.5 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

Investment in joint venture is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the management financial statements of the joint venture made up to 30 June 2019. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2018 : MFRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.6 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

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

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Factory buildings	50 years
Furniture, fittings and office equipment	5 to 10 years
Motor vehicles	5 to 10 years
Plant and machinery	10 years

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

5.7 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.7 Investment Properties (Cont'd)

Freehold land is not depreciated. Depreciation on other investment properties is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:

Factory building	50 years
Leasehold land and factory building	Over the lease period of 93 years

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

5.8 Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as investment properties.

5.9 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.9 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

Accounting policy applied until 30 June 2018

As disclosed in Note 32, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out or weighted average cost method, and comprises the purchase price, production costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.11 Contract Asset and Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 – Financial Instruments.

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

5.12 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

(i) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.12 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt instruments (Cont'd)

(ii) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.12 Financial Instruments (Cont'd)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, any only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

<u>Accounting policies applied until 30 June 2018</u>

As disclosed in Note 32, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with the previous accounting policies as summarised below:

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.13 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

5.14 Borrowing Costs

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

5.15 Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

5.16 Earnings per Ordinary Share

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

5.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.18 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct goods or services promised in the contract.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.18 Revenue from Contracts with Customers (Cont'd)

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a goods or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- 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 todate.

(a) Sale of Goods

Revenue from sale of process equipment and metal structures is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from providing maintenance and shutdown services is recognised over time in the period in which the services are rendered. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

(c) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed todate over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value or most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

5.19 Revenue from Other Sources and Other Operating Income

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

5. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

5.20 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.21 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.22 Operating Segments

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

6. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Plant and machinery RM	Total RM
At cost						
At 1 July 2018	10,656,624	25,752,196	2,945,630	2,439,569	14,102,914	55,896,933
Additions	-	-	7,824	258,555	215,555	481,934
Disposals	-	-	-	(400,654)	-	(400,654)
Transfer to investment properties (Note 7)	(1,675,367)	(2,793,943)	-	-	(255,000)	(4,724,310)
At 30 June 2019	8,981,257	22,958,253	2,953,454	2,297,470	14,063,469	51,253,903
Less : Accumulated depreciation						
At 1 July 2018	-	3,625,731	2,084,188	1,570,441	9,749,810	17,030,170
Charge for the financial year	-	459,214	174,418	317,588	932,744	1,883,964
Disposals	-	-	-	(322,650)	-	(322,650)
Transfer to investment properties (Note 7)	-	(367,969)	-	-	(167,875)	(535,844)
At 30 June 2019	-	3,716,976	2,258,606	1,565,379	10,514,679	18,055,640
Less : Accumulated impairment losses						
At 1 July 2018	-	-	-	-	-	-
Charge for the financial year	-	412,382	-	-	-	412,382
At 30 June 2019	-	412,382	-	-	-	412,382
Carrying amount						
At 30 June 2019	8,981,257	18,828,895	694,848	732,091	3,548,790	32,785,881

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	Freehold land RM	Leasehold land RM	Factory buildings RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Plant and machinery RM	Total RM
At cost							
At 1 July 2017	10,656,624	5,066,670	33,088,389	2,514,570	1,842,836	14,765,259	67,934,348
Additions	-	-	166,340	431,060	760,733	131,765	1,489,898
Disposals	-	-	-	-	(164,000)	(750,000)	(914,000)
Write off	-	-	-	-	-	(44,110)	(44,110)
Transfer to investment properties (Note 7)	-	(5,066,670)	(7,502,533)	-	-	-	(12,569,203)
At 30 June 2018	10,656,624	-	25,752,196	2,945,630	2,439,569	14,102,914	55,896,933
Less : Accumulated depreciation							
At 1 July 2017	-	-	3,091,227	1,884,641	1,442,154	8,946,402	15,364,424
Charge for the financial year	-	-	534,504	199,547	292,286	1,078,768	2,105,105
Disposals	-	-	-	-	(163,999)	(231,250)	(395,249)
Write off	-	-	-	-	-	(44,110)	(44,110)
At 30 June 2018	-	-	3,625,731	2,084,188	1,570,441	9,749,810	17,030,170
Less : Accumulated impairment losses							
At 1 July 2017	-	-	343,856	-	-	391,393	735,249
Disposals	-	-	-	-	-	(391,393)	(391,393)
Transfer to investment properties (Note 7)	-	-	(343,856)	-	-	-	(343,856)
At 30 June 2018	-	-	-	-	-	-	-
Carrying amount							
At 30 June 2018	10,656,624	-	22,126,465	861,442	869,128	4,353,104	38,866,763

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company	Freehold land RM	Factory buildings RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Plant and machinery RM	Total RM
At cost						
At 1 July 2018	13,981,257	26,784,091	2,945,631	2,415,371	14,102,914	60,229,264
Additions	-	-	7,823	258,555	215,555	481,933
Disposals	-	-	-	(400,654)	-	(400,654)
Transfer to investment properties (Note 7)	(5,000,000)	(3,825,838)	-	-	(255,000)	(9,080,838)
At 30 June 2019	8,981,257	22,958,253	2,953,454	2,273,272	14,063,469	51,229,705
Less : Accumulated depreciation						
At 1 July 2018	-	3,372,537	2,084,192	1,545,367	9,749,808	16,751,904
Charge for the financial year	-	459,214	174,414	317,588	932,746	1,883,962
Disposals	-	-	-	(322,650)	-	(322,650)
Transfer to investment properties (Note 7)	-	(114,775)	-	-	(167,875)	(282,650)
At 30 June 2019	-	3,716,976	2,258,606	1,540,305	10,514,679	18,030,566
Less : Accumulated impairment losses						
At 1 July 2018	-	-	-	-	-	-
Charge for the financial year	-	412,382	-	-	-	412,382
At 30 June 2019	-	412,382	-	-	-	412,382
Carrying amount						
At 30 June 2019	8,981,257	18,828,895	694,848	732,967	3,548,790	32,786,757

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company	Freehold land RM	Leasehold land RM	Factory buildings RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Plant and machinery RM	Total RM
At cost							
At 1 July 2017	13,981,257	5,066,670	34,120,284	2,514,571	1,818,638	14,721,149	72,222,569
Additions	-	-	166,340	431,060	760,733	131,765	1,489,898
Disposals	-	-	-	-	(164,000)	(750,000)	(914,000)
Transfer to investment properties (Note 7)	-	(5,066,670)	(7,502,533)	-	-	-	(12,569,203)
At 30 June 2018	13,981,257	-	26,784,091	2,945,631	2,415,371	14,102,914	60,229,264
Less : Accumulated depreciation							
At 1 July 2017	-	-	2,838,033	1,884,645	1,417,080	8,902,290	15,042,048
Charge for the financial year	-	-	534,504	199,547	292,286	1,078,768	2,105,105
Disposals	-	-	-	-	(163,999)	(231,250)	(395,249)
At 30 June 2018	-	-	3,372,537	2,084,192	1,545,367	9,749,808	16,751,904
Less : Accumulated impairment losses							
At 1 July 2017	-	-	343,856	-	-	391,393	735,249
Disposals	-	-	-	-	-	(391,393)	(391,393)
Transfer to investment properties (Note 7)	-	-	(343,856)	-	-	-	(343,856)
At 30 June 2018	-	-	-	-	-	-	-
Carrying amount							
At 30 June 2018	13,981,257	-	23,411,554	861,439	870,004	4,353,106	43,477,360

6. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) The following property, plant and equipment of the Group and of the Company have been pledged to licensed banks as security for banking facilities granted to the Group and the Company (Note 18(a)):

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Carrying amount				
Freehold land	8,981,257	10,656,624	8,981,257	13,981,257
Factory buildings	18,828,895	22,126,465	18,828,895	23,411,554
	27,810,152	32,783,089	27,810,152	37,392,811

(b) The following property, plant and equipment of the Group and of the Company were acquired under hire purchase terms (Note 19(a)):

	The Group and The Company	
	2019 RM	2018 RM
Carrying amount		
Furniture, fittings and office equipment	188,705	-
Motor vehicles	672,756	686,097
Plant and machinery	1,022,218	1,272,667
	1,883,679	1,958,764

These leased assets have been pledged as security for the related finance lease liabilities of the Group and of the Company.

(c) The cash disbursed for the purchase of property, plant and equipment is as follows:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of property, plant and equipment purchased	481,934	1,489,898	481,933	1,489,898
Amount financed through hire purchase	(458,556)	(1,083,712)	(458,556)	(1,083,712)
Unpaid balance included under sundry payables (Note 20(d))	(36,950)	(284,954)	(36,950)	(284,954)
Cash paid in respect of acquisition in previous financial year	284,954	657,000	284,954	657,000
Cash disbursed for purchase of property, plant and equipment	271,382	778,232	271,381	778,232

7. INVESTMENT PROPERTIES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At cost				
At 1 July	12,569,203	-	12,569,203	-
Additions	23,322	-	23,322	-
Transfer from property, plant and equipment (Note 6)	4,724,310	12,569,203	9,080,838	12,569,203
At 30 June	17,316,835	12,569,203	21,673,363	12,569,203
Less : Accumulated depreciation				
At 1 July	-	-	-	-
Charge for the financial year	234,638	-	234,638	-
Transfer from property, plant and equipment (Note 6)	535,844	-	282,650	-
At 30 June	770,482	-	517,288	-
Less : Accumulated impairment losses				
At 1 July	343,856	-	343,856	-
Transfer from property, plant and equipment (Note 6)	-	343,856	-	343,856
At 30 June	343,856	343,856	343,856	343,856
Carrying amount	16,202,497	12,225,347	20,812,219	12,225,347
Included in the above are:				
Freehold land and factory building	4,024,824	-	8,634,546	-
Leasehold land and factory building	12,177,673	12,225,347	12,177,673	12,225,347
	16,202,497	12,225,347	20,812,219	12,225,347
Fair value	21,500,000	12,250,000	21,500,000	12,250,000

(a) The investment properties have been pledged to licensed banks as security for banking facilities granted to the Group and the Company (Note 18(a)).

(b) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

7. INVESTMENT PROPERTIES (Cont'd)

(c) Rental income and direct operating expenses arising from investment properties during the financial year are as follows:

	The Group and The Company	
	2019 RM	2018 RM
Rental income	391,000	204,000
Direct operating expenses – generating rental income	136,673	55,803

8. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	1,291,681	1,291,681
Accumulated impairment losses	(1,291,681)	(1,291,681)
	-	-

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Percentage of issued share capital held by parent 2019 %	2018 %	Principle activity
SEB Construction Sdn. Bhd.	Malaysia	100	100	Dormant.
Seremban Mechanical Services Sdn. Bhd.	Malaysia	100	100	Dormant.

9. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unquoted shares, at cost	388,922	388,922	300,000	300,000
Share of post-acquisition losses	(373,492)	(373,492)	-	-
	15,430	15,430	300,000	300,000
Accumulated impairment losses	(300,000)	(300,000)	(300,000)	(300,000)
Transfer to amount owing to associate (Note 20)	284,570	284,570	-	-
At 30 June	-	-	-	-

The details of the associate are as follows:

Name of associate	Principal place of business	Effective equity interest 2019 %	2018 %	Principle activity
Nine Energy Sdn. Bhd.	Malaysia	40	40	Dormant.

(a) Summarised financial information has not been presented as the associate is not material to the Group.

(b) The Group has not recognised losses relating to the associate, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM 13,867 (2018 : RM 11,537), of which RM 2,330 (2018 : RM 8,743) was the share of the current financial year's losses. The Group has no obligation in respect of these losses.

10. INVESTMENT IN JOINT VENTURE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unquoted shares, at cost	-	-	1	1
Accumulated impairment losses	-	-	(1)	(1)
	-	-	-	-

The details of the joint venture are as follows:

Name of joint venture	Principal place of business	Effective equity interest 2019 %	2018 %	Principle activity
Groupage SEB Sdn. Bhd.	Malaysia	50	50	Dormant.

11. INVENTORIES

	The Group and The Company	
	2019 RM	2018 RM
Raw materials	3,588,738	5,061,087
Consumable stores	872,290	855,908
Work-in-progress	1,967,090	7,275,804
Finished goods	176,094	-
	6,604,212	13,192,799
Recognised in profit or loss:		
Inventories recognised as cost of sales	60,518,100	68,860,893
Amount written down to net realisable value	425,028	839,493

12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
Other trade receivables	11,824,626	18,080,257	11,824,626	18,080,257
Retention sums	1,335,414	2,205,112	1,335,414	2,205,112
	13,160,040	20,285,369	13,160,040	20,285,369
Allowance for impairment losses	(719,325)	(444,932)	(719,325)	(444,932)
	12,440,715	19,840,437	12,440,715	19,840,437
Other receivables				
Amount owing by subsidiary	-	-	1,579	-
Amount owing by associate	29,290	21,523	29,290	21,523
Amount owing by joint venture	-	81,586	-	81,586
Amount owing by related company	73,000	-	73,000	-
Deposits	100,641	101,975	100,641	101,975
Prepayments	361,231	356,613	361,231	356,613
Goods and services tax recoverable	419,512	984,516	418,806	982,343
Sundry receivables	567,969	503,984	567,969	503,984
	1,551,643	2,050,197	1,552,516	2,048,024
Allowance for impairment losses	(418,491)	(418,491)	(418,491)	(418,491)
	1,133,152	1,631,706	1,134,025	1,629,533
	13,573,867	21,472,143	13,574,740	21,469,970
Allowance for impairment losses				
At 1 July	863,423	3,292,245	863,423	3,292,245
Addition	394,750	16,048	394,750	16,048
Reversal	-	(2,444,870)	-	(2,444,870)
Write off	(120,357)	-	(120,357)	-
At 30 June	1,137,816	863,423	1,137,816	863,423

12. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) The Group's and the Company's normal credit terms for trade receivables range from 7 to 60 days (2018 : 7 to 60 days) whilst credit terms for retention sums are generally up to 365 days (2018 : 365 days).

(b) The amounts owing by subsidiary, associate, joint venture and related company are unsecured, interest free, repayable on demand and to be settled in cash.

13. CONTRACT ASSETS/(LIABILITIES)

	The Group and The Company	
	2019	**2018**
	RM	**RM**
Contract assets		
Contract assets relating to construction contracts	8,557,537	4,113,894
Contract liabilities		
Contract liabilities relating to construction contracts	652,529	652,425

(a) The contract assets primarily relate to the Group's and the Company's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 180 days (2018 : 180 days).

The contract assets were presented as 'amount due from contract customers' (Note 12) in the last financial year.

(b) The contract liabilities primarily relates to advance considerations received from few customers for construction work of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, within 180 days (2018 : 180 days).

The contract liabilities were presented as 'amount due to contract customers' (Note 12) in the last financial year.

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:

	The Group and The Company	
	2019	**2018**
	RM	**RM**
At 1 July		
– As previously reported	3,461,470	11,844,999
– Changes in accounting policies (Note 32)	(2,184,770)	-
– As restated	1,276,700	11,844,999
Revenue recognised in profit or loss during the financial year	38,661,921	23,590,745
Billings to customers during the financial year	(32,033,613)	(31,974,275)
At 30 June	7,905,008	3,461,469
Represented by:		
Contract assets	8,557,537	4,113,894
Contract liabilities	(652,529)	(652,425)
	7,905,008	3,461,469

14. DEPOSITS, BANK AND CASH BALANCES

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Cash and bank balances	1,714,008	227,875	1,689,789	177,393
Short-term deposits with licensed banks	114,542	111,018	114,542	111,018
	1,828,550	338,893	1,804,331	288,411

(a) The short-term deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates at 2.8% (2018 : 2.9%) per annum. The short-term deposits have maturity periods of 30 days (2018 : 30 days) for the Group and the Company.

(b) Included in the short-term deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM 109,142 (2018 : RM 105,766) which has been pledged to a licensed bank as security for banking facilities granted to the Group and the Company (Note 18(a)).

15. SHARE CAPITAL

Issued and fully paid-up

	The Group and The Company			
	2019 Number of shares	2018 Number of shares	2019 RM	2018 RM
Ordinary shares				
At 1 July	80,000,000	80,000,000	40,000,000	40,000,000
Transfer from share premium account	-	-	5,583,931	-
At 30 June	80,000,000	80,000,000	45,583,931	40,000,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

16. TREASURY SHARES

Of the total 80,000,000 (2018 : 80,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 319,200 (2018 : 319,200) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

17. RESERVES

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Non-distributable				
Share premium	-	5,583,931	-	5,583,931
Distributable				
Accumulated losses	(25,454,364)	(20,314,668)	(20,853,200)	(15,726,612)
	(25,454,364)	(14,730,737)	(20,853,200)	(10,142,681)

18. BANK BORROWINGS

		The Group and The Company 2019 RM	2018 RM
Current			
Secured	– Bank overdrafts	-	6,326,872
	– Revolving credit	11,002,641	9,000,000
	– Term loans	1,858,959	1,677,463
	– Trade bills	8,552,600	14,152,995
		21,414,200	31,157,330
Non-current			
Secured	– Term loans	11,844,327	11,793,843
		33,258,527	42,951,173
Total bank borrowings			
Secured	– Bank overdrafts	-	6,326,872
	– Revolving credit	11,002,641	9,000,000
	– Term loans	13,703,286	13,471,306
	– Trade bills	8,552,600	14,152,995
		33,258,527	42,951,173

(a) The bank borrowings of the Group and of the Company are secured by the following:

(i) Freehold land and factory buildings held as property, plant and equipment (Note 6(a));

(ii) Freehold land, leasehold land and factory buildings held as investment properties (Note 7(a));

(iii) By lien over the short-term deposits with licensed bank (Note 14(b)); and

(iv) Corporate guarantee provided by immediate holding company.

(b) The effective interest rate (% per annum) at the end of the reporting period for bank borrowings are as follows:

	The Group and The Company 2019 %	2018 %
Bank overdrafts	-	7.5 - 8.7
Revolving credit	4.3 - 5.6	5.3 - 5.6
Term loans	4.5 - 6.7	4.8 - 6.7
Trade bills	3.5 - 7.7	3.5 - 7.7

19. HIRE PURCHASE PAYABLES

	The Group and The Company	
	2019 RM	2018 RM
Minimum hire purchase payments		
Not later than one year	568,912	503,792
Later than one year and not later than five years	1,096,515	1,235,659
	1,665,427	1,739,451
Less : Future finance charges	(142,865)	(169,268)
Present value of hire purchase payables	1,522,562	1,570,183
Analysed by:		
Current liabilities	495,343	428,935
Non-current liabilities	1,027,219	1,141,248
	1,522,562	1,570,183

(a) The hire purchase payables of the Group and of the Company are secured by certain furniture, fittings and office equipment, motor vehicles and plant and machinery under finance leases (Note 6(b)). The hire purchase arrangements are expiring from 1 to 5 years (2018 : 1 to 5 years).

(b) The hire purchase payables of the Group and of the Company at the end of the reporting period bore effective interest rates at 4.0% - 7.4% (2018 : 4.0% - 6.4%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	9,608,506	7,405,183	9,608,506	7,405,183
Other payables				
Amount owing to immediate holding company	9,605,949	3,393,237	9,605,949	3,393,237
Amount owing to subsidiaries	-	-	276,892	264,856
Amount owing to associate (Note 9)	284,570	284,570	-	-
Amount owing to related companies	181,720	200,008	181,720	200,008
Advance from customers	1,767,510	4,530,025	1,767,510	4,530,025
Accruals	1,796,037	3,611,916	1,789,803	3,601,516
Deposit payable	-	19,000	-	19,000
Sundry payables	883,969	1,532,982	883,969	1,532,982
	14,519,755	13,571,738	14,505,843	13,541,624
	24,128,261	20,976,921	24,114,349	20,946,807

(a) The normal credit terms granted to the Group and the Company range from 30 to 120 days (2018 : 30 to 120 days).

(b) The amount owing to immediate holding company is unsecured, repayable on demand and to be settled in cash with interest bearing at 4.9% (2018 : 4.9%) per annum at the end of the reporting period.

20. TRADE AND OTHER PAYABLES (Cont'd)

(c) The amounts owing to subsidiaries, associate and related companies are unsecured, interest free, repayable on demand and to be settled in cash.

(d) Included in payables of the Group and of the Company is an amount of RM 36,950 (2018 : RM 284,954) payable for purchase of certain property, plant and equipment (Note 6(c)).

21. REVENUE

	The Group and The Company	
	2019	**2018**
	RM	**RM**
Revenue recognised at a point in time		
Sale of process equipment	26,502,210	44,403,377
Maintenance and shutdown services	757,966	2,733,982
Revenue recognised over time		
Contract revenue	38,661,921	23,590,745
	65,922,097	70,728,104

22. DIRECTORS' REMUNERATION

	The Group and The Company	
	2019	**2018**
	RM	**RM**
Executive directors of the Company		
Fee	120,000	93,500
Salaries, bonuses and other benefits	709,103	681,855
Defined contribution plan	84,876	75,660
	913,979	851,015
Benefits-in-kind (cash)	1,885	1,815
Benefits-in-kind (non-cash)	22,200	15,725
	938,064	868,555
Non-executive directors of the Company		
Fee	216,000	216,000
Benefits-in-kind (non-cash)	3,500	3,500
	219,500	219,500
Total directors' remuneration	1,157,564	1,088,055

23. FINANCE COSTS

	The Group and The Company	
	2019	2018
	RM	RM
Interest expense on financial liabilities that are not at fair value through profit or loss:		
Advance from immediate holding company	385,335	156,460
Bank overdrafts	237,911	163,938
Hire purchase	101,645	85,811
Revolving credit	465,749	446,200
Term loans	753,917	783,391
Trade bills	689,921	805,797
	2,634,478	2,441,597

24. NET IMPAIRMENT (LOSS)/GAIN ON FINANCIAL ASSETS

	The Group and The Company	
	2019	2018
	RM	RM
Impairment losses during the financial year		
– Individually impaired under MFRS 139	-	(16,048)
– Additions under MFRS 9	(394,750)	-
Reversal of impairment losses	-	2,444,870
	(394,750)	2,428,822

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019
(CONT'D)

25. LOSS BEFORE TAX

	The Group		The Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
This is arrived at after charging:				
Auditors' remuneration				
– audit fees:				
– current financial year	109,000	109,000	105,000	105,000
– under provision in prior years	7,000	14,000	7,000	14,000
– non-audit fees:				
– auditors of the Company	5,000	5,000	5,000	5,000
Bad debts written off	85,373	-	85,373	-
Depreciation of property, plant and equipment	1,883,964	2,105,105	1,883,962	2,105,105
Depreciation of investment properties	234,638	-	234,638	-
Impairment loss on property, plant and equipment	412,382	-	412,382	-
Realised loss on foreign exchange	-	72,083	-	72,083
Staff costs (including key management personnel as disclosed in Note 29(c))				
– short-term employee benefits	15,151,466	17,012,425	15,151,464	17,012,425
– defined contribution plan	1,231,503	1,260,458	1,231,503	1,260,458
– others	645,141	802,547	645,141	802,547
Unrealised loss on foreign exchange	-	26,504	-	26,504
And crediting:				
Gain on disposal of property, plant and equipment	(62,996)	(33,999)	(62,996)	(33,999)
Realised gain on foreign exchange	(109,658)	-	(109,658)	-
Rental income	(580,864)	(480,000)	(580,864)	(480,000)
Total interest income of financial assets measured at amortised cost	(9,105)	(4,925)	(9,105)	(4,925)
Unrealised gain on foreign exchange	(18,591)	-	(18,591)	-

26. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Income tax				
– Malaysian tax	22,784	-	22,784	-
– (Over)/Under provision in prior years	-	(2,728)	-	6,030
Real property gains tax	-	2,524	-	2,524
	22,784	(204)	22,784	8,554

26. INCOME TAX EXPENSE/(CREDIT) (Cont'd)

A reconciliation of income tax expense applicable to the loss before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Loss before tax	(4,308,572)	(4,930,068)	(4,295,464)	(4,918,322)
Tax at the statutory tax rate	(1,034,000)	(1,183,000)	(1,031,000)	(1,180,000)
Tax effects of non-deductible expenses	419,000	438,000	416,000	435,000
Tax effects of non-taxable income	-	(679,000)	-	(679,000)
Deferred tax assets not recognised during the financial year	637,784	1,424,000	637,784	1,424,000
Real property gains tax	-	2,524	-	2,524
(Over)/Under provision of current tax expense in prior years	-	(2,728)	-	6,030
	22,784	(204)	22,784	8,554

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 : 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the Group and the Company have the following items to offset against future taxable profits:

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unused tax losses	29,127,000	29,221,000	28,620,000	28,714,000
Unabsorbed capital allowances	4,176,000	3,246,000	4,054,000	3,124,000
	33,303,000	32,467,000	32,674,000	31,838,000

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be carried forward for a maximum period of 7 consecutive years of assessment. The unabsorbed capital allowances do not expire under the current tax legislation in Malaysia and can be utilised against income from the same business source, subject to no substantial change in shareholders.

27. LOSS PER SHARE

	The Group 2019	The Group 2018
Loss after tax attributable to owners of the Company (RM)	(4,331,356)	(4,929,864)
Weighted average number of ordinary shares in issue	79,680,800	79,680,800
Basic loss per share (sen)	(5)	(6)

The Group has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

28. CASH FLOWS INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:

The Group and The Company	Revolving credit RM	Term loans RM	Trade bills RM	Hire purchase RM	Amount owing to immediate holding company RM	Total RM
2019						
At 1 July	9,000,000	13,471,306	14,152,995	1,570,183	3,393,237	41,587,721
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	2,002,641	2,000,000	34,031,122	-	-	38,033,763
Repayment of borrowing principal	-	(1,768,020)	(39,631,517)	(506,177)	-	(41,905,714)
Repayment of borrowing interests	(465,749)	(753,917)	(689,921)	(101,645)	-	(2,011,232)
Advance from immediate holding company	-	-	-	-	5,827,377	5,827,377
	1,536,892	(521,937)	(6,290,316)	(607,822)	5,827,377	(55,806)
<u>Non-cash changes</u>						
New hire purchase	-	-	-	458,556	-	458,556
Finance charges recognised in profit or loss	465,749	753,917	689,921	101,645	385,335	2,396,567
	465,749	753,917	689,921	560,201	385,335	2,855,123
At 30 June	11,002,641	13,703,286	8,552,600	1,522,562	9,605,949	44,387,038

28. CASH FLOWS INFORMATION (Cont'd)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):

The Group and The Company	Revolving credit RM	Term loans RM	Trade bills RM	Hire purchase RM	Amount owing to immediate holding company RM	Total RM
2018						
At 1 July	9,000,000	15,478,223	18,265,710	1,163,281	4,836,777	48,743,991
Changes in financing cash flows						
Proceeds from drawdown	-	-	38,977,283	-	-	38,977,283
Repayment of borrowing principal	-	(2,006,917)	(43,089,998)	(676,810)	-	(45,773,725)
Repayment of borrowing interests	(446,200)	(783,391)	(805,797)	(85,811)	-	(2,121,199)
Repayment to immediate holding company	-	-	-	-	(1,600,000)	(1,600,000)
	(446,200)	(2,790,308)	(4,918,512)	(762,621)	(1,600,000)	(10,517,641)
Non-cash changes						
New hire purchase	-	-	-	1,083,712	-	1,083,712
Finance charges recognised in profit or loss	446,200	783,391	805,797	85,811	156,460	2,277,659
	446,200	783,391	805,797	1,169,523	156,460	3,361,371
At 30 June	9,000,000	13,471,306	14,152,995	1,570,183	3,393,237	41,587,721

(b) The cash and cash equivalents comprise the following:

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Deposits, bank and cash balances	1,828,550	338,893	1,804,331	288,411
Bank overdrafts	-	(6,326,872)	-	(6,326,872)
	1,828,550	(5,987,979)	1,804,331	(6,038,461)
Less : Deposit pledged to licensed bank	(109,142)	(105,766)	(109,142)	(105,766)
	1,719,408	(6,093,745)	1,695,189	(6,144,227)

29. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, immediate holding company, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:

	The Group and The Company	
	2019 RM	2018 RM
Immediate holding company		
– Interest expense	385,335	156,460
Related companies		
– Purchase of goods	314,034	-
– Purchase of property, plant and equipment	-	273,189
– Rental income	(189,864)	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key Management Personnel Compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	The Group and The Company	
	2019 RM	2018 RM
Directors' remuneration excluding benefits-in-kind (Note 22)	1,129,979	1,067,015
Other key management personnel		
Salaries, bonuses and other benefits	1,637,494	1,897,762
Defined contribution plan	211,904	216,799
	1,849,398	2,114,561
	2,979,377	3,181,576

30. OPERATING SEGMENTS

(a) Business Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely fabrication of process equipment and metal structures and the provision of maintenance, repair and shutdown works.

(b) Geographical Information

In presenting the information on the basis of geographical segments, segmental information on non-current assets is not presented, as all non-current assets are located in Malaysia. Segmental revenue is presented based on the geographical location of customers as follows:

	At A Point in Time 2019 RM	Over Time 2019 RM	The Group 2019 RM
Africa	291,727	-	291,727
Asia (excluding Malaysia)	11,975,587	21,552,410	33,527,997
Europe	183,920	-	183,920
Malaysia	14,808,942	17,109,511	31,918,453
	27,260,176	38,661,921	65,922,097

	The Group 2018 RM
Africa	1,866,773
Asia (excluding Malaysia)	36,638,163
Malaysia	28,695,231
North America	3,527,937
	70,728,104

No information is presented for the comparative period as the Group has applied MFRS 15 using the modified retrospective approach.

(c) Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue 2019 RM	Revenue 2018 RM
Customer A	27,856,550	30,365,154
Customer B	-	7,719,820

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

31.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR") and Japanese Yen ("JPY"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The Group	USD RM	SGD RM	EUR RM	JPY RM	Others RM	RM RM	Total RM
2019							
Financial assets							
Trade and other receivables (N1)	238,539	145,227	10,963	-	-	12,297,754	12,692,483
Deposits, bank and cash balances	37,738	175,089	35,429	702	13,833	1,565,759	1,828,550
	276,277	320,316	46,392	702	13,833	13,863,513	14,521,033
Financial liabilities							
Trade and other payables (N2)	(413,697)	(290,828)	-	-	-	(21,656,226)	(22,360,751)
Bank borrowings	-	-	-	-	-	(33,258,527)	(33,258,527)
Hire purchase payables	-	-	-	-	-	(1,522,562)	(1,522,562)
	(413,697)	(290,828)	-	-	-	(56,437,315)	(57,141,840)
Net financial (liabilities)/ assets	(137,420)	29,488	46,392	702	13,833	(42,573,802)	(42,620,807)
Less : Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	-	-	42,573,802	42,573,802
Currency exposure	(137,420)	29,488	46,392	702	13,833	-	(47,005)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	USD RM	SGD RM	EUR RM	JPY RM	Others RM	RM RM	Total RM
2018							
Financial assets							
Trade and other receivables (N1)	531,906	360,100	500,127	-	-	18,636,906	20,029,039
Deposits, bank and cash balances	66,260	67,524	19,266	2,307	11,097	172,439	338,893
	598,166	427,624	519,393	2,307	11,097	18,809,345	20,367,932
Financial liabilities							
Trade and other payables (N2)	(113,140)	(368,730)	-	-	-	(15,946,026)	(16,427,896)
Bank borrowings	-	-	-	(184,995)	-	(42,766,178)	(42,951,173)
Hire purchase payables	-	-	-	-	-	(1,570,183)	(1,570,183)
	(113,140)	(368,730)	-	(184,995)	-	(60,282,387)	(60,949,252)
Net financial assets/(liabilities)	485,026	58,894	519,393	(182,688)	11,097	(41,473,042)	(40,581,320)
Less : Net financial liabilities denominated in the respective entities' functional currencies	-	-	-	-	-	41,473,042	41,473,042
Currency exposure	485,026	58,894	519,393	(182,688)	11,097	-	891,722

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	USD RM	SGD RM	EUR RM	JPY RM	Others RM	RM RM	Total RM
2019							
Financial assets							
Trade and other receivables (N1)	238,539	145,227	10,963	-	-	12,299,333	12,694,062
Deposits, bank and cash balances	37,738	175,089	35,429	702	13,833	1,541,540	1,804,331
	276,277	320,316	46,392	702	13,833	13,840,873	14,498,393
Financial liabilities							
Trade and other payables (N2)	(413,697)	(290,828)	-	-	-	(21,642,314)	(22,346,839)
Bank borrowings	-	-	-	-	-	(33,258,527)	(33,258,527)
Hire purchase payables	-	-	-	-	-	(1,522,562)	(1,522,562)
	(413,697)	(290,828)	-	-	-	(56,423,403)	(57,127,928)
Net financial (liabilities)/ assets	(137,420)	29,488	46,392	702	13,833	(42,582,530)	(42,629,535)
Less : Net financial liabilities denominated in the Company's functional currency	-	-	-	-	-	42,582,530	42,582,530
Currency exposure	(137,420)	29,488	46,392	702	13,833	-	(47,005)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	USD RM	SGD RM	EUR RM	JPY RM	Others RM	RM RM	Total RM
2018							
Financial assets							
Trade and other receivables (N1)	531,906	360,100	500,127	-	-	18,636,906	20,029,039
Deposits, bank and cash balances	66,260	67,524	19,266	2,307	11,097	121,957	288,411
	598,166	427,624	519,393	2,307	11,097	18,758,863	20,317,450
Financial liabilities							
Trade and other payables (N2)	(113,140)	(368,730)	-	-	-	(15,915,912)	(16,397,782)
Bank borrowings	-	-	-	(184,995)	-	(42,766,178)	(42,951,173)
Hire purchase payables	-	-	-	-	-	(1,570,183)	(1,570,183)
	(113,140)	(368,730)	-	(184,995)	-	(60,252,273)	(60,919,138)
Net financial assets/(liabilities)	485,026	58,894	519,393	(182,688)	11,097	(41,493,410)	(40,601,688)
Less : Net financial liabilities denominated in the Company's functional currency	-	-	-	-	-	41,493,410	41,493,410
Currency exposure	485,026	58,894	519,393	(182,688)	11,097	-	891,722

N1 – Excluding deposits, prepayments and certain receivables
N2 – Excluding certain payables

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the loss after tax of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the loss after tax of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including deposits, bank and cash balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's and the Company's major concentration of credit risk relates to the amounts owing by 1 (2018 : 2) customers which constituted approximately 43% (2018 : 41%) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 120 days from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:

The Group and The Company	**Gross amount RM**	**Lifetime loss allowance RM**	**Carrying amount RM**
2019			
Current (not past due)	8,175,995	-	8,175,995
1 to 30 days past due	786,528	-	786,528
31 to 60 days past due	1,392,500	-	1,392,500
61 to 90 days past due	4,710	-	4,710
More than 90 days past due	2,080,982	-	2,080,982
	12,440,715	-	12,440,715
Credit impaired:			
– individually impaired	719,325	(719,325)	-
Trade receivables	13,160,040	(719,325)	12,440,715
Contract assets	8,557,537	-	8,557,537
	21,717,577	(719,325)	20,998,252

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade receivables and contract assets (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:

The Group and The Company	**Gross amount RM**	**Individual impairment RM**	**Carrying amount RM**
2018			
Not past due	15,263,487	-	15,263,487
Past due:			
– less than 30 days	674,067	-	674,067
– 31 to 60 days	639,984	-	639,984
– 61 to 90 days	400,314	-	400,314
– over 91 days	3,307,517	(444,932)	2,862,585
	20,285,369	(444,932)	19,840,437

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12.

Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits, bank and cash balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount owing by subsidiary (Non-trade balances)

No expected credit loss is recognised on amount owing by subsidiary as it is negligible.

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

The Group	Effective Interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
2019						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	22,360,751	22,360,751	22,360,751	-	-
Bank borrowings						
– Revolving credit	4.3 - 5.6	11,002,641	11,002,641	11,002,641	-	-
– Term loans	4.5 - 6.7	13,703,286	17,294,962	2,594,940	9,062,964	5,637,058
– Trade bills	3.5 - 7.7	8,552,600	8,552,600	8,552,600	-	-
Hire purchase payables	4.0 - 7.4	1,522,562	1,665,427	568,912	1,096,515	-
		57,141,840	60,876,381	45,079,844	10,159,479	5,637,058
2018						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	16,427,896	16,427,896	16,427,896	-	-
Bank borrowings						
– Bank overdrafts	7.5 - 8.7	6,326,872	6,326,872	6,326,872	-	-
– Revolving credit	5.3 - 5.6	9,000,000	9,000,000	9,000,000	-	-
– Term loans	4.8 - 6.7	13,471,306	17,602,982	2,396,061	7,977,964	7,228,957
– Trade bills	3.5 - 7.7	14,152,995	14,152,995	14,152,995	-	-
Hire purchase payables	4.0 - 6.4	1,570,183	1,739,451	503,792	1,235,659	-
		60,949,252	65,250,196	48,807,616	9,213,623	7,228,957

31. FINANCIAL INSTRUMENTS (Cont'd)

31.1 Financial Risk Management Policies (Cont'd)

(c) *Liquidity Risk* (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
2019						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	22,346,839	22,346,839	22,346,839	-	-
Bank borrowings						
– Revolving credit	4.3 - 5.6	11,002,641	11,002,641	11,002,641	-	-
– Term loans	4.5 - 6.7	13,703,286	17,294,962	2,594,940	9,062,964	5,637,058
– Trade bills	3.5 - 7.7	8,552,600	8,552,600	8,552,600	-	-
Hire purchase payables	4.0 - 7.4	1,522,562	1,665,427	568,912	1,096,515	-
		57,127,928	60,862,469	45,065,932	10,159,479	5,637,058
2018						
Non-derivative financial liabilities						
Trade and other payables (N1)	-	16,397,782	16,397,782	16,397,782	-	-
Bank borrowings						
– Bank overdrafts	7.5 - 8.7	6,326,872	6,326,872	6,326,872	-	-
– Revolving credit	5.3 - 5.6	9,000,000	9,000,000	9,000,000	-	-
– Term loans	4.8 - 6.7	13,471,306	17,602,982	2,396,061	7,977,964	7,228,957
– Trade bills	3.5 - 7.7	14,152,995	14,152,995	14,152,995	-	-
Hire purchase payables	4.0 - 6.4	1,570,183	1,739,451	503,792	1,235,659	-
		60,919,138	65,220,082	48,777,502	9,213,623	7,228,957

N1 – Excluding certain payables

31. FINANCIAL INSTRUMENTS (Cont'd)

31.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	The Group	
	2019 RM	**2018 RM**
Bank borrowings	33,258,527	42,951,173
Hire purchase payables	1,522,562	1,570,183
	34,781,089	44,521,356
Less : Deposits, bank and cash balances	(1,828,550)	(338,893)
Net debt	32,952,539	44,182,463
Total equity	19,972,141	25,111,837
Debt-to-equity ratio	1.65	1.76

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

31.3 Classification of Financial Instruments

	The Group RM	**The Company RM**
2019		
Financial assets		
Amortised cost		
Trade and other receivables (N1)	12,692,483	12,694,062
Deposits, bank and cash balances	1,828,550	1,804,331
	14,521,033	14,498,393
Financial liabilities		
Amortised cost		
Trade and other payables (N2)	22,360,751	22,346,839
Bank borrowings	33,258,527	33,258,527
Hire purchase payables	1,522,562	1,522,562
	57,141,840	57,127,928

31. FINANCIAL INSTRUMENTS (Cont'd)

31.3 Classification of Financial Instruments (Cont'd)

	The Group RM	The Company RM
2018		
Financial assets		
Loans and receivables financial assets		
Trade and other receivables (N1)	20,029,039	20,029,039
Deposits, bank and cash balances	338,893	288,411
	20,367,932	20,317,450
Financial liabilities		
Other financial liabilities		
Trade and other payables (N2)	16,427,896	16,397,782
Bank borrowings	42,951,173	42,951,173
Hire purchase payables	1,570,183	1,570,183
	60,949,252	60,919,138

N1 - Excluding deposits, prepayments and certain receivables
N2 - Excluding certain payables

31.4 Gains or Losses Arising from Financial Instruments

	The Group And The Company RM
2019	
Financial assets	
Amortised cost	
Net losses recognised in profit or loss	(478,945)
Financial liabilities	
Amortised cost	
Net losses recognised in profit or loss	(2,607,960)
2018	
Financial assets	
Loans and receivables financial assets	
Net gains recognised in profit or loss	2,189,696
Other financial liabilities	
Net losses recognised in profit or loss	(2,224,050)

31. FINANCIAL INSTRUMENTS (Cont'd)

31.5 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:

The Group and The Company	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2019					
Financial liability					
Hire purchase payables	-	1,510,085	-	1,510,085	1,522,562
2018					
Financial liability					
Hire purchase payables	-	1,564,452	-	1,564,452	1,570,183

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values of hire purchase payables, which are for disclosure purposes, are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The effective interest rates (per annum) used to discount the estimated cash flows are as follows:

	The Group and The Company 2019 %	2018 %
Hire purchase payables	6.1 - 6.2	4.7 - 6.2

32. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 4.2, the Group and the Company have adopted MFRS 9 and MFRS 15 during the financial year. The financial impacts upon the adoption of these accounting standards are summarised below:

Statements of Financial Position

		At 1 July 2018	
	As previously reported RM	MFRS 15 adjustments RM	As restated RM
The Group			
Assets			
Inventories	13,192,799	4,631,360	17,824,159
Contract assets	4,113,894	(2,445,095)	1,668,799
Liabilities			
Trade and other payables	(20,976,921)	(3,254,930)	(24,231,851)
Contract liabilities	(652,425)	260,325	(392,100)
Equity			
Accumulated losses	20,314,668	808,340	21,123,008
The Company			
Assets			
Inventories	13,192,799	4,631,360	17,824,159
Contract assets	4,113,894	(2,445,095)	1,668,799
Liabilities			
Trade and other payables	(20,946,807)	(3,254,930)	(24,201,737)
Contract liabilities	(652,425)	260,325	(392,100)
Equity			
Accumulated losses	15,726,612	808,340	16,534,952

Initial application of MFRS 9

The Group and the Company have changed their impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group and the Company have accounted for the expected credit losses of their financial assets measured at amortised cost and contract assets to reflect their changes in credit risk since initial recognition. Also, the Group and the Company have applied a simplified approach to measure the loss allowance of their trade receivables and contract assets as permitted by MFRS 9. There were no material financial impacts upon the transition to MFRS 9 at the date of initial application.

32. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Initial application of MFRS 15

The Group and the Company have adopted MFRS 15 with modified retrospective application using the following practical expedients of which the cumulative financial impacts are recognised in the opening statements of financial position on 1 July 2018 (date of initial application of MFRS 15).

The Group and the Company have chosen to apply MFRS 15 retrospectively only to contracts that were not completed at the date of initial application. Some of these contracts were identified with performance obligations which are not meet the criteria for revenue to be recognised over time. A decrease in revenue of the Group and of the Company by RM 5,439,700 would have otherwise been recognised in profit or loss for the current financial year, had the last financial year's accounting policy been applied.

The potential impacts to the (a) basic and diluted loss per share and (b) statements of cash flows for the last financial year are not presented as the Group and the Company have adopted the new accounting standards without restating any comparative information.

33. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:

	The Group		The Company	
	As previously reported RM	As restated RM	As previously reported RM	As restated RM
Statements of financial position				
Amount due from contract customers	4,113,894	-	4,113,894	-
Contract assets	-	4,113,894	-	4,113,894
Amount due to contract customers	652,425	-	652,425	-
Contract liabilities	-	652,425	-	652,425
Statements of profit or loss and other comprehensive income				
Other income	3,725,562	1,280,692	3,725,562	1,280,692
Administrative expenses	(7,796,543)	(7,966,609)	(7,784,797)	(7,954,863)
Other expenses	(114,635)	(98,587)	(114,635)	(98,587)
Finance costs	(2,611,663)	(2,441,597)	(2,611,663)	(2,441,597)
Net impairment gain on financial assets	-	2,428,822	-	2,428,822

LIST OF PROPERTIES

The summary of the information on the landed properties of the SEB Group is as follows:

Location/Postal address	Description/ Existing use	Land Area/ Build up area	Tenure (years)	Age of building (years)	Net book values as at 30.06.2019 RM'000	Date of Revaluation/ Acquisition
Title Nos. GRN 162853 & GRN 97654 (Lot Nos. 1662 & 32563) Pekan Senawang District of Seremban, State of Negeri Sembilan *Address* Lot 1A & 1B, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan	Industrial premises comprising a 3-storey office with an attached single storey open-sided factory annexed together with a guardhouse	14,144 square metres/ 7,925.50 square metres	Freehold	23	2,260 (Land) 7,000 (Building)	22 July 2009
Title Nos. GRN 97653 (Lot 32564) Pekan Senawang District of Seremban, State of Negeri Sembilan *Address* Lot 1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan	Industrial premises comprising two single storey detached factories with mezzanine floor office and a single storey store	8,786 square metres/ 4,654.40 square metres	Freehold	12	1,490 (Land) 4,319 (Building)	22 July 2009
Title Nos. GRN 162852 (Lot 1666) Pekan Senawang District of Seremban, State of Negeri Sembilan *Address* No 6A, Lorong Bunga Tanjung 1/2, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan	Industrial premises with an attached single storey open-sided factory annexed together with a guardhouse	10,565 square metres/ 2,438.60 square metres	Freehold	11	1,610 (Land) 3,015 (Building)	22 July 2009

LIST OF PROPERTIES
(CONT'D)

Location/Postal address	Description/ Existing use	Land Area/ Build up area	Tenure (years)	Age of building	Net book values as at 30.06.2019 RM'000	Date of Revaluation/ Acquisition
Title Nos. GRN 114865 (Lot 32554) Pekan Senawang District of Seremban, State of Negeri Sembilan *Address* 75 & 76, Persiaran Bunga Tanjung 2, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan	Industrial premises with an attached single storey open-sided factory (Fasa 1) annexed together with a guardhouse	16,664 square metres/ 7,630.60 square metres	Freehold	8	3,621 (Land) 4,495 (Building)	28 February 2011
PN 296071 Lot 15516 Mukim Lumut Daerah Manjung Negeri Perak *Address* Lot 15516, (PT 10441/ Plot F1), L/K Kawasan Perusahaan Kampung Acheh, 32000 Setiawan, Perak Darul Ridzuan	Industrial premises with an attached single storey open-sided factory together with a manual blast yard, painting chamber, compressor room and store	28,430 square metres/ 7,141.60 square metres	Leasehold interest for 99 years expiring on 09 July 2105, leaving an unexpired term of about 86 years	7	5,012 (Land) 7,166 (Building)	17 December 2012
Geran 85454, Lot 19731, Mukim Bandar Kundang, Daerah Gombak Negeri Selangor. *Address* Lot PT 19731, No. 17, Jalan KPK 4/3, Kawasan Perindustrian Kundang, Kundang Jaya, 48020 Rawang, Selangor Darul Ehsan	A single-storey detached factory together with a canteen/surau/ toilet block, a guard house and a refuse chamber	6,801 square metres/ 3,092.70 square metres	Freehold	9	1,675 (Land) 2,349 (Building)	28 October 2010

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

Class of Shares : Ordinary Shares
Voting Right : One vote per Ordinary Share

A) DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	30	2.276	1,278	0.002
100 to 1,000	493	37.405	295,211	0.370
1,001 to 10,000	515	39.074	2,466,255	3.095
10,001 to 100,000	246	18.665	8,229,165	10.328
100,001 to less than 5% of issued shares	33	2.504	13,139,139	16.490
5% and above of issued shares	1	0.076	55,549,752	69.715
TOTAL :	**1,318**	**100.000**	**79,680,800**	**100.000**

B) LIST OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%	No. of Shares	%
1.	MIE Industrial Sdn Bhd	55,549,752	69.715	-	-

C) DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%	No. of Shares	%
1.	Tan Ah Bah @ Tan Ah Ping	-	-	-	-
2.	Tan Sri Ahmad Fuzi Haji Abdul Razak	50,000	0.062	-	-
3.	Wong Wai Hung	-	-	-	-
4.	Chan Foong Ping	-	-	-	-
5.	See Boon Chun	-	-	-	-
6.	Ngim Chin Kim	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019
(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	MIE Industrial Sdn Bhd	55,549,752	69.715
2.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *For MIE Industrial Sdn Bhd*	1,694,500	2.126
3.	Muhammad Haris Tse	1,265,000	1.587
4.	Lipico Bioenergy Pte. Ltd.	1,200,000	1.506
5.	Sim Pei Chye	604,000	0.758
6.	Tengku Ab Malek Bin Tengku Mohamed	601,000	0.754
7.	Casa Wonder Sdn. Bhd.	600,033	0.753
8.	Yow Yee Mooi	588,200	0.738
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ngau Wu Wei*	500,000	0.627
10.	Fizwah Pembinaan Sdn Bhd	477,500	0.599
11.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liau Thai Min*	448,900	0.563
12.	Yeoh Kean Beng	427,700	0.536
13.	Liau Thai Min	395,000	0.495
14.	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Leong Kim Fong*	320,400	0.402
15.	Lim Lai Peng	280,900	0.352
16.	Leong Low Pew	279,400	0.350
17.	Maybank Nominees (Tempatan) Sdn Bhd *Ho Fook Seng @ Ho Pock Seng*	253,600	0.318
18.	Tan Ya Ling	245,000	0.307
19.	Eng Watt Ya @ Eng Watt Ying	241,200	0.302
20.	L.T.M Holdings Sdn Bhd	240,600	0.301
21.	Au Yoke Thien	233,000	0.292
22.	Au Yoke Thien	214,000	0.268
23.	Ngau Wu Wei	200,000	0.251
24.	Liau Choon Hwa & Sons Sdn Bhd	198,400	0.248
25.	Swissound Organization Sdn Bhd	186,300	0.233
26.	Adeline Chew Wai Yean	158,000	0.198
27.	Fong Yit Sin	151,900	0.190
28.	Lee Su Yin Gabrielle	145,000	0.181
29.	Ho Chin Sing	126,000	0.158
30.	Wong Tian Shong	122,000	0.153
	Total	**67,947,285**	**85.274**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at Ballroom III, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor at 9.00 a.m. on Wednesday, 04 December 2019 for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' fees and allowances up to RM336,000.00 for the financial year ending 30 June 2020 payable monthly in arrears after each month of completed service by the respective Directors during the subject financial year. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association:

   (1) Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak **(Ordinary Resolution 2)**
   (2) Ms Chan Foong Ping **(Ordinary Resolution 3)**

4. To re-elect the following Directors who retire in accordance with Article 103 of the Company's Articles of Association:

   (1) Ir Ngim Chin Kim **(Ordinary Resolution 4)**
   (2) Dato' Ir Mohtar Bin Musri **(Ordinary Resolution 5)**
   (3) En. Mustaffa Bin Ja'afar **(Ordinary Resolution 6)**

5. To approve the appointment of the Auditors, Messrs PricewaterhouseCoopers PLT as Auditors of the Company in place of the retiring Auditors, Messrs Crowe Malaysia PLT and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

AS SPECIAL BUSINESS

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

6. **Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 8)**

   "THAT pursuant to Sections 75 and 76 of the Act and subject always to the approval of the relevant authorities (where applicable), the Directors of the Company be hereby empowered to allot and issue shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of the issued shares of the Company for the time being AND THAT the Board of Directors be hereby also empowered to obtain approval for the listing of and quotation for the additional ordinary shares so issued in Bursa Malaysia Securities Berhad and such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

7. **Proposed retention of Independent Director** **(Ordinary Resolution 9)**

   "THAT, approval be hereby given to Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

8. **Proposed new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (''RRPT'')** **(Ordinary Resolution 10)**

   "THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (''Bursa Securities''), approval be hereby given for the Company and its subsidiaries (''SEB Group'') to enter into and to give effect to specified RRPT and with specified class of the Related Parties as stated in Section 2.3 of the Circular to Shareholders dated 31 October 2019, which are necessary for its day-to-day operations, to be entered into by the SEB Group on the basis that these transactions are entered into on terms which are not more favourable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the ''Proposed Shareholders' Mandate'');

   THAT the Proposed Shareholders' Mandate, if approved, will take effect from the date the ordinary resolution is passed by the shareholders until:-

   a) the conclusion of the first Annual General Meeting ("AGM") of the Company following the general meeting at which the resolution for the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

   b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or

   c) revoked or varied by resolution passed by the shareholders in a general meeting,

   whichever is the earlier;

   AND FURTHER THAT the Directors of the Company and/or any of them be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate.''

9. **Proposed adoption of new Constitution of the Company to replace the existing Memorandum and Articles of Association** **(Special Resolution 1)**

   "THAT approval be hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new constitution of the Company be hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

PANG KAH MAN *(MIA 18831)*
Company Secretary

Kuala Lumpur
31 October 2019

NOTES:

1. *Only depositors whose names appear in the Record of Depositors as at 27 November 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the Fortieth Annual General Meeting ("AGM").*

2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*

6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 37-2, 2nd Floor, Jalan Radin Bagus, Bandar Baru Sri Petaling, 57000 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Fortieth AGM to vote by poll.*

EXPLANATORY NOTES TO THE AGENDA

7. ***Item 1 of the Agenda***

   This Agenda item is meant for discussion only as the provision of Section 340(1) (a) of the Companies Act 2016 (''the Act") does not require a formal of the shareholders and hence, is not put forward for voting.

8. ***Item 2 of the Agenda – Ordinary Resolution no. 1***
   Approval of Directors's fees for the financial year ending 30 June 2020

   Directors' fees and benefits (including meeting allowance) approved for the financial year ended 30 June 2019 was RM336,000.00. The Directors' fees proposed for the financial year ending 30 June 2020 are calculated based on the number of scheduled Board and Committee Meetings for 2020 and assuming that all Non-Executive Directors will hold office until the conclusion of the next annual general meeting.

   This resolution is to facilitate payment of Directors' fees on monthly basis and/or when required. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings), approval will be sought at the next annual general meeting for additional fees to meet the shortfall.

9. ***Item 6 of the Agenda - Ordinary Resolution no. 8***
   Authority to Allot and Issue Shares pursuant to the Companies Act 2016

   (a) *The proposed resolution, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Fortieth Annual General Meeting to allot and issue new ordinary shares in the Company up to an amount not exceeding in total of ten percent (10%) of the issued capital of the Company (excluding treasury shares, if any) for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next annual general meeting of the Company.*

   (b) *The General Mandate is a renewal from the previous mandate obtained at the last annual general meeting held on 03 December 2018 which will expire at the conclusion of the Fortieth Annual General Meeting of the Company.*

   (c) *As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last annual general meeting.*

   (d) *The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital and/or payment of bank borrowings and acquisition.*

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

NOTES: (Cont'd)

10. ***Item 7 of the Agenda - Ordinary Resolution no. 9***
    Proposed Retention of Independent Director

    The Board has assessed the independence of the Director, Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended that he continues to act as Independent Non-Executive Director of the Company based on the following justifications:

    (i) He has fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), and thus, he will be able to function as check and balance, provide a broader view and bring an element of objectivity to the Board;

    (ii) During his tenure in office, he has not developed, established or maintained any significant relationship which would impair his independence as Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of him to carry out his duties as Independent Non-Executive Director and Chairman of the Board Committees;

    (iii) During his tenure in office, he has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries ("the Group"), within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of Listing Requirements;

    (iv) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group;

    (v) Other than Director's fees and allowances paid in accordance with the industry norm and within the acceptable market rates which have been duly disclosed in the Annual Report 2019, there are no other incentives or benefits of whatsoever nature that have been paid to him by the Company during his tenure in office;

    (vi) His qualifications, high caliber, vast knowledge and experience enable him to continue providing objectivity in decision making of the Board and the Board committees; and

    (vii) He has performed his duties diligently and in the best interest of the Company and provide a broader view, independent and balanced assessment of proposals from the management.

11. ***Item 8 of the Agenda – Ordinary Resolution no. 10***
    Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

    The proposed Ordinary Resolution 10, if passed, will authorise the Company and/or its subsidiaries ("SEB Group") to enter into RRPT which are necessary for the SEB Group's day-to-day operations with the respective specified class of the Related Parties, subject to the transactions are entered into on terms which are not more favorable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company.

    Further details are set out in the Circular to Shareholders dated 31 October 2019.

12. ***Item No. 9 of the Agenda - Special Resolution 1***
    Proposed adoption of new Constitution

    The proposed adoption of new Constitution is intended to align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that may arise from the Act and the Listing Requirements. Please refer to Appendix III of the circular to Shareholders dated 31 October 2019 for further information.

13. ***Annual Report***

    The Annual Report for the financial year ended 30 June 2019 is in CD-ROM format. To request for a hardcopy of the Annual Report please forward the Request Form to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at fax no. 03-2783 9222 or e-mail at is.enquiry@my.tricorglobal.com. Alternatively, you may request at https://tiih.online by selecting "Request for Annual Report" under the "Investor Services". The hardcopy of the annual report shall be provided to you soonest possible from the date of receipt of the verbal or written request. The Annual Report can also be downloaded at the Company's corporate website, www.seb.net.my. Shareholders who wish to receive the printed Annual Report and/or require assistance in viewing the CD-ROM, kindly contact our Share Registrar at Tel no. 03-2783 9299 or email to is.enquiry@my.tricorglobal.com.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

No individual is seeking election as a Director at the Fortieth Annual General Meeting of the Company.

SEREMBAN ENGINEERING BERHAD

197901001059 (45332-x)

PROXY FORM

I/We ....

of ....

(Full Address)

being (a) Member(s) of SEREMBAN ENGINEERING BERHAD hereby appoint(s) ....

....

of ....

or failing him/her ....

of ....

or failing him/her*, the CHAIRMAN OF THIS MEETING as my/our proxy to vote for me/us and on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Ballroom III, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Wednesday, 04 December 2019 at 9.00 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1	Approval of Directors fees and allowances for the financial year ending 30 June 2020		
2	Re-election of Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak as Director		
3	Re-election of Ms Chan Foong Ping as Director		
4	Re-election of Ir Ngim Chin Kim as Director		
5	Re-election of Dato' Ir Mohtar Bin Musri as Director		
6	Re-election of En. Mustaffa Bin Ja'afar as Director		
7	Appointment of Messrs PricewaterhouseCoopers PLT as Auditors		
8	Authority to issue shares pursuant to the Companies Act 2016		
9	Retention of Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak as Independent Director		
10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
No.	**Special Resolution**	**For**	**Against**
1	Proposed adoption of new constitution		

Please indicate with an "X" in the appropriate box against each Resolution on how you wish your proxy to vote if no instruction is given, this form will be taken to authorise the proxy to vote at his/ her discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

CDS Account No.	
Number of Ordinary Shares Held	

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

....
Signature of Shareholder(s) or Common Seal

Signed this .... day of 2019

POSTAGE
STAMP

The Company Secretary

SEREMBAN ENGINEERING BERHAD 197901001059 (45332-X)
37-2, 2nd Floor, Jalan Radin Bagus
Bandar Baru Sri Petaling
57000 Kuala Lumpur

Please fold along this line

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 27 November 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the Fortieth Annual General Meeting ("AGM").*

2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*

3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*

6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 37-2, 2nd Floor, Jalan Radin Bagus, Bandar Baru Sri Petaling, 57000 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Fortieth AGM to vote by poll.*

Personal Data Privacy
By submitting the proxy form, the member or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the Fortieth AGM (including any adjournment thereof).

Please glue and seal along this edge

www.seb.net.my

SEREMBAN ENGINEERING BERHAD
197901001059 (45332-X)

Lot 1A-1C, Lorong Bunga Tanjung 1/3, Senawang Industrial Park, 70400 Seremban, N. Sembilan, Malaysia.
Tel: +606-677 5898   Fax: +606-677 5162