SCIENTEX

healthy, friendly & happy ...

CHALLENGE NEW HEIGHTS TOGETHER

ANNUAL REPORT

2019

SCIENTEX BERHAD

196801000264 (7867-P)

Contents

CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman & Non-Independent Non-Executive Director

Lim Peng Jin
Managing Director

Lim Peng Cheong
Non-Independent Non-Executive Director

Wong Chin Mun
Independent Non-Executive Director

Dato' Noorizah Binti Hj Abd Hamid
Independent Non-Executive Director

Ang Kim Swee
Independent Non-Executive Director

Company Secretaries

Tung Wei Yen
(MAICSA 7062671)

Ong Ling Hui
(MAICSA 7065599)

Audit Committee

Wong Chin Mun
Chairman

Dato' Noorizah Binti Hj Abd Hamid
Member

Ang Kim Swee
Member

Nomination and Remuneration Committee

Ang Kim Swee
Chairman

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Member

Wong Chin Mun
Member

Risk Management Committee

Dato' Noorizah Binti Hj Abd Hamid
Chairperson

Lim Peng Jin
Member

Ang Kim Swee
Member

Auditors

Deloitte PLT
Level 16, Menara LGB, 1, Jalan Wan Kadir
Taman Tun Dr. Ismail, 60000 Kuala Lumpur

Solicitors

Koh Kim Leng & Co.
Shearn Delamore & Co.

Principal Bankers

Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
MUFG Bank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

Registered Office & Principal Place of Business

No. 9, Persiaran Selangor
Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan
Tel: 03-5524 8888/03-5519 1325
Fax: 03-5519 1884
Website: www.scientex.com.my

Stock Exchange Listing

Main Market of
Bursa Malaysia Securities Berhad
[Stock code: 4731]

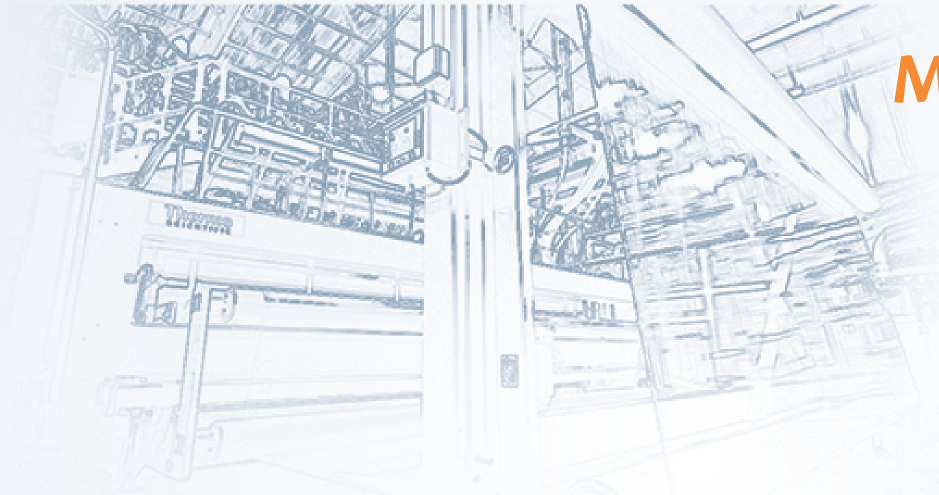
Share Registrar

Boardroom Share Registrars Sdn Bhd
199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Semangat (Jalan Professor Khoo Kay Kim)
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7890 4700 Fax: 03-7890 4670
Email: BSR.Helpdesk@boardroomlimited.com
Website: www.boardroomlimited.com

GROUP STRUCTURE

SCIENTEX®

Scientex Berhad
196801000264 (7867-P)

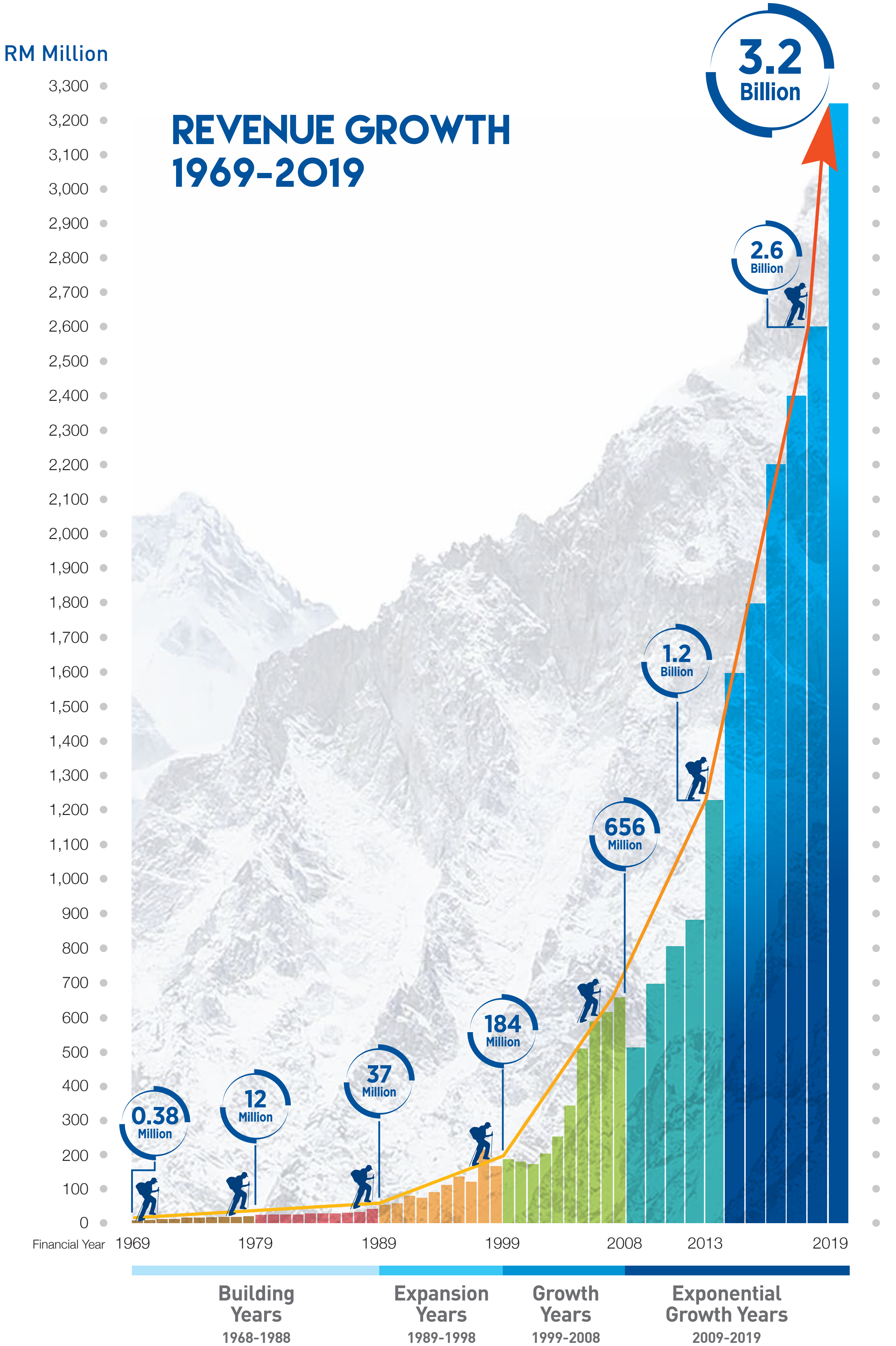


Manufacturing

- Stretch Film
- Custom Film
- Specialty Products
- Converting

Property

- Johor
- Melaka
- Selangor
- Perak
- Penang


RM Million
REVENUE GROWTH
1969-2019
3.2 Billion
2.6 Billion
1.2 Billion
656 Million
184 Million
37 Million
12 Million
0.38 Million
3,300
3,200
3,100
3,000
2,900
2,800
2,700
2,600
2,500
2,400
2,300
2,200
2,100
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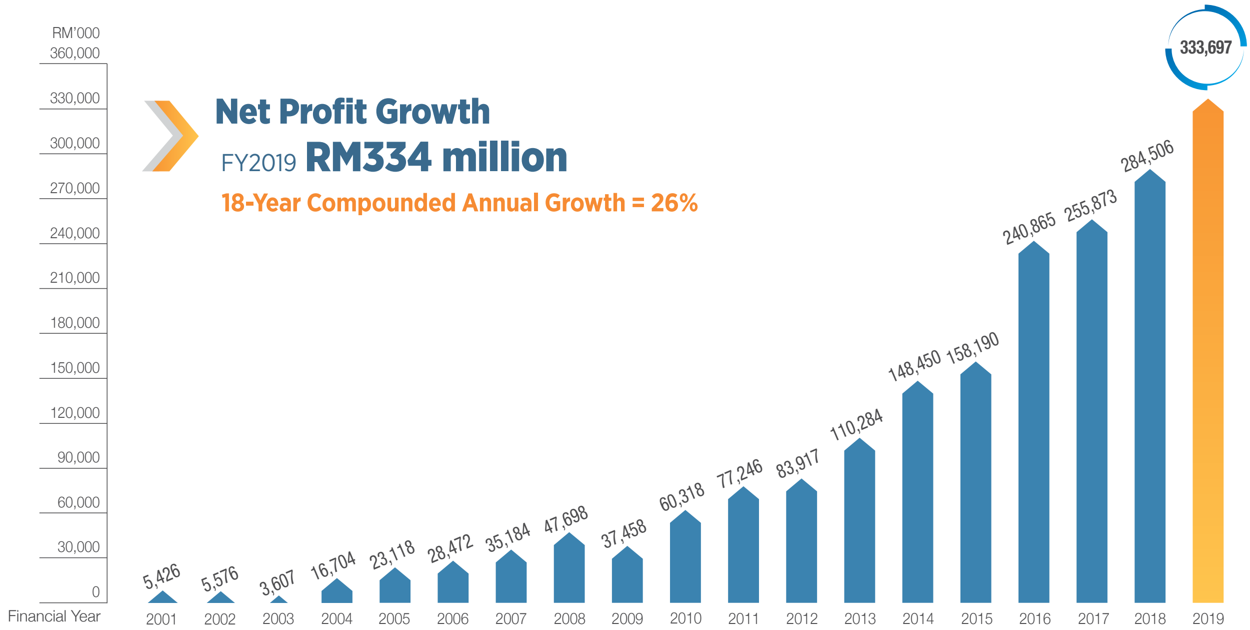
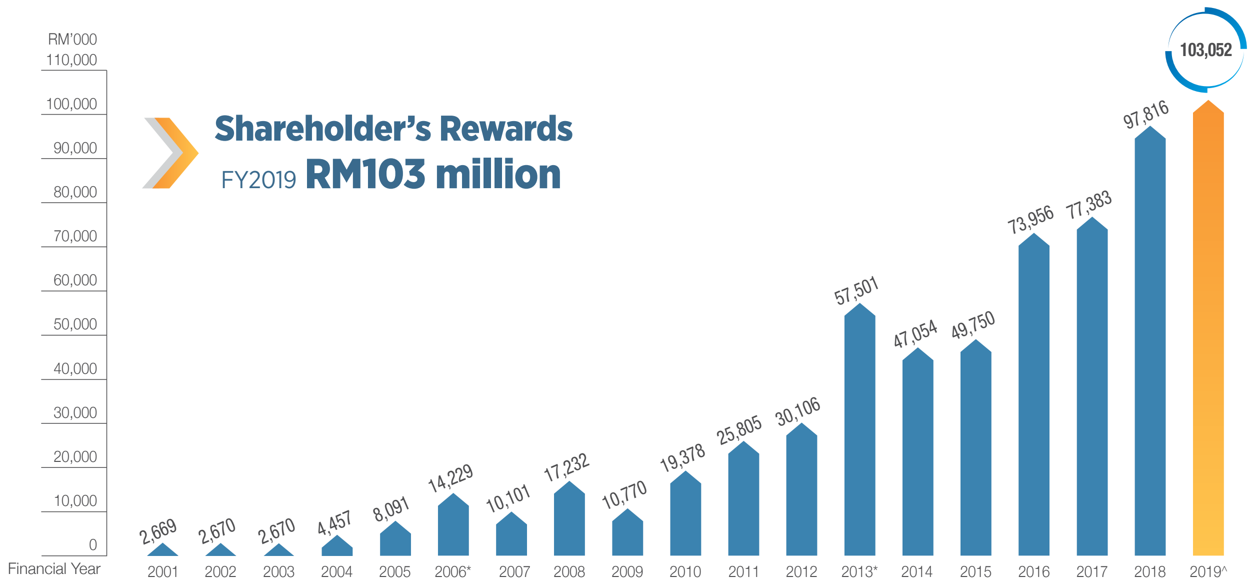
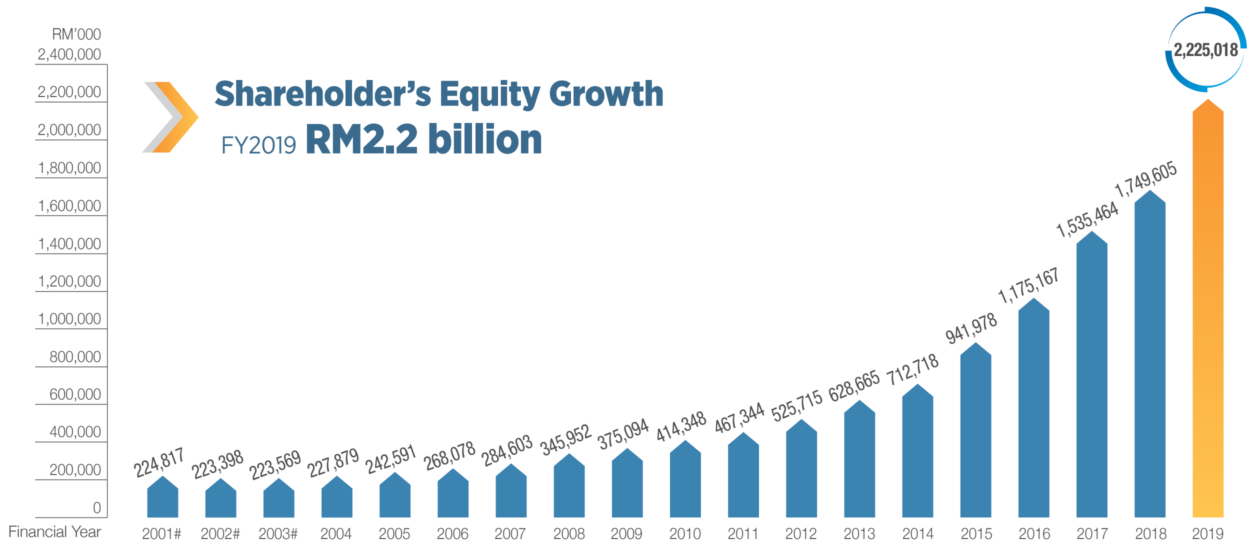
1,100
1,000
900
800
700
600
500
400
300
200
100
0
Financial Year 1969 1979 1989 1999 2008 2013 2019
Building Years 1968-1988
Expansion Years 1989-1998
Growth Years 1999-2008
Exponential Growth Years 2009-2019

SCIENTEX PERFORMANCE RECORD





* Includes a special dividend of RM4.8m in FY2006 and RM22.1m in FY2013.
^ Includes a single tier final dividend of 10 sen per ordinary share proposed for shareholders' approval.



The figures have been restated for consistency.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

Year ended 31 July (RM'000)	2019	2018 (Restated)	2017	2016	2015
Results					
Revenue	**3,247,446**	2,602,834	2,403,151	2,200,980	1,801,684
Operating Profit	**461,777**	357,386	325,069	312,560	224,978
EBITDA	**558,404**	437,146	395,222	374,541	273,052
Profit Before Taxation	**450,588**	354,684	317,968	306,332	220,962
Profit After Taxation	**345,908**	288,734	259,941	246,567	162,096
Net Profit	**333,697**	284,506	255,873	240,865	158,190
Group Assets					
Non-current Assets	**2,409,020**	2,173,065	1,624,709	1,487,971	979,099
Current Assets	**1,698,461**	1,212,225	953,080	763,130	660,776
Total Assets Employed	**4,107,481**	3,385,290	2,577,789	2,251,101	1,639,875
Financed by					
Share Capital	**685,776**	453,850	411,843	115,000	115,000
Reserves	**1,539,242**	1,295,755	1,123,621	1,060,167	826,978
Equity attributable to owners of the Company	**2,225,018**	1,749,605	1,535,464	1,175,167	941,978
Non-controlling Interests	**173,935**	69,973	68,416	66,495	62,784
Current Liabilities	**1,329,723**	1,160,017	743,663	711,753	500,147
Non-current Liabilities	**378,805**	405,695	230,246	297,686	134,966
Total Funds Employed	**4,107,481**	3,385,290	2,577,789	2,251,101	1,639,875
Performance Indicators					
Earnings Per Share (Sen)*	**66.66**	58.50	54.83	52.94	35.22
Net Dividend Per Share (Sen)*	**20.00** #	20.00	16.00	16.00	11.00
Net Assets Per Share (RM)*	**4.32**	3.58	3.18	2.55	2.09
Net Gearing Ratio (Times)	**0.32**	0.44	0.18	0.32	0.14
Return on Equity ("ROE") (%)	**15.00**	16.26	16.66	20.50	16.79
Net Operating Cash Flow (RM'000)	**556,965**	392,424	322,841	380,303	191,769

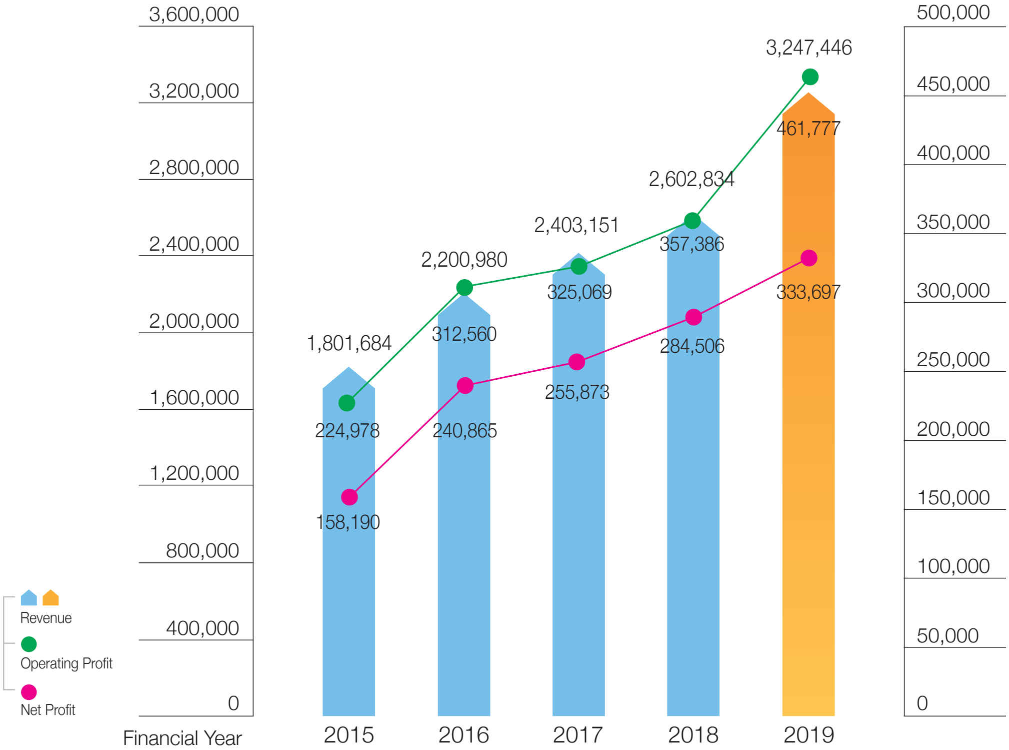
** For FY2015 and FY2016, the figures have been restated to take into account the bonus issue in FY2016.*

 # Includes a single tier final dividend of 10 sen per ordinary share proposed for shareholders' approval.

The financial statements for FY2019 and FY2018 (Restated) are prepared in accordance with Malaysian Financial Reporting Standards (MFRS). The financial statements of the previous financial years (FY2015 to FY2017) were prepared in accordance with Financial Reporting Standards (FRS) in Malaysia.

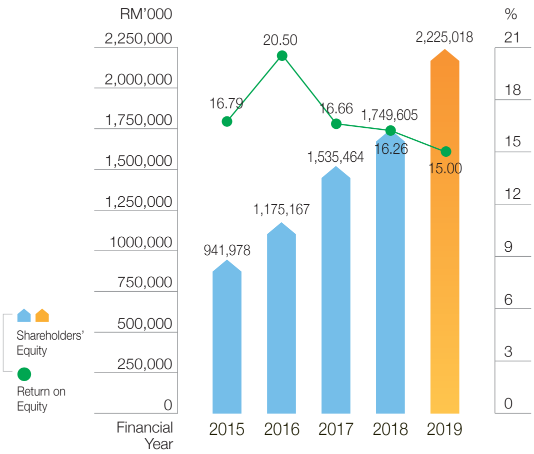
GROUP FINANCIAL RESULTS

Revenue FY2019 RM 3.2 billion



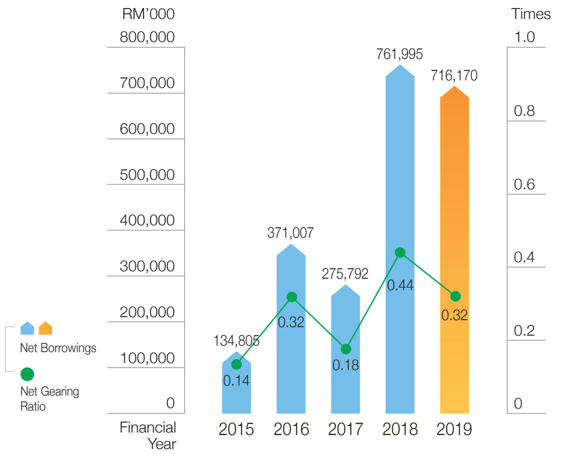
Return on Equity
FY2019 15.00 %

Shareholders' Equity
FY2019 RM 2.2 billion

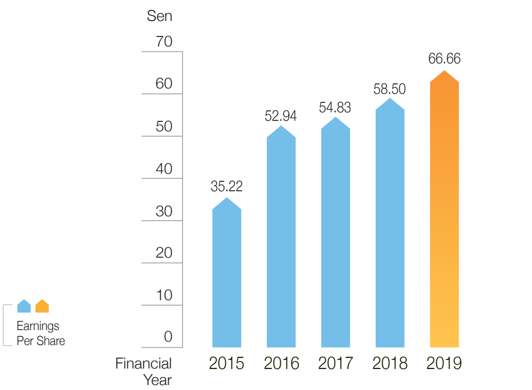


Net Gearing Ratio
FY2019 0.32 times

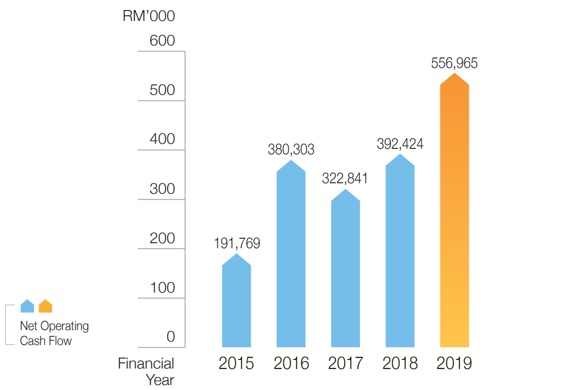
Net Borrowings
FY2019 RM 716 million



Earnings Per Share
FY2019 66.66 sen



Net Operating Cash Flow
FY2019 RM 557 million



MEDIA HIGHLIGHTS

Focus Malaysia November 2018

FocusM | Nov 10-16, 2018

1 Scientex Bhd group managing director Lim Peng Jin (sixth from left) with directors and company executives at its 50th anniversary celebration on Nov 7. It pledges to deliver 50,000 affordable homes in Peninsular Malaysia by 2028.

StarBiz September 2019

Scientex's net profit jumps 61% to RM133.4m in fourth quarter

PETALING JAYA: Scientex Bhd's net profit jumped 60.9% to

SinChew Business November 2018

财經 15・11・2018 | 星期四

SinChewBusiness 投資者的指南

每股1.60令吉 折價39仙

森德2.225億換股購耐慕志42%

Nanyang September 2019

派息 10 仙

森德末季净利扬 61%

（吉隆坡 26 日讯）制造与产业发展业务强劲增长，带动森德（SCIENTX，4731，主板工业股）截至 7 月底 2019 财年末季，净利按年涨 60.8%，报 1 亿 2340 万 2000 令吉。

森德今日向马交所公布业绩，同时宣布每股派息 10 仙。

其中，制造业务全年营业额按年升 23.8%，录得 24 亿令吉，而产业发展业务按年增 27.4%，写 8 亿 8950 万令吉。

本财年推 13 亿房产

董事经理林炳仁在文告中点出，制造业务与产业发展业

Berita Harian February 2019

Selasa, 12 Februari 2019 — BISNES

Syarikat bakal mendapat manfaat daripada peningkatan peluang dalam pasaran makanan dan minuman dan pasaran barang laris di Myanmar kerana negara itu sedang beralih daripada sebuah ekonomi tertutup

Scientex dapat kelulusan beli pegangan Daibochi

Nanyang June 2019

南洋商報 财经 BUSINESS NEWS 2019年6月11日●星期二

森德 1.1 亿槟城购地 或发展综合产业

（吉隆坡 10 日讯）森德（SCIENTX，4731，主板工业股）以 1 亿 959 万令吉，在槟城威北购入约 783 平方尺的土地，或用来发展综合产业项

Serai），在距离 1.4 公里不远处也有电动火车站。

根据文告，该地段建议发展成综合产业项目，但目前还未有更多详情。

China Press April 2019

中國報 CHINA PRESS 星期二 2.4.2019

森德綜合持股61.9% 耐慕志成為子公司

（吉隆坡1日讯）对

收购耐慕志凭单。

森德综合将支付总额9306万令吉，和发行90万股新股，给予接受收述献议的耐慕志股东

StarBizWeek June 2019

STARBIZWEEK, SATURDAY 15 JUNE 2019 — Companies & Strategies 5

Scientex aggressively expanding land bank

By ROYCE TAN
roycetan@thestar.com.my

PACKAGING materials maker and property developer Scientex Bhd is aggressively stocking up on its land bank, at a time when most developers are taking it slow when it comes to acquiring and developing land due to the overhang in properties.

Scientex has been on an acquisition mode in recent years and would now have a land bank of 3,631 acres, after the completion of its latest purchases of six parcels of land in

Tunggal, Melaka measuring 208.9 acres for RM88.25mil that it made on August 15 last year via another wholly owned subsidiary, Scientex Quatari Sdn Bhd.

All lands are to be developed into mixed-property development.

An analyst said this was in line with Scientex's aim to build 50,000 affordable homes nationwide by 2028 so it would not matter when Scientex was acquiring lands because it needed to accumulate its land bank for long term use.

"They see value in the Penang location

"They want to build at least 33,000 homes by 2028 so they will need to replenish their landbank as well.

"The Penang land is near an SP Setia project and since Scientex's properties are in the affordable range of RM500,000 or less, they will sell quite well," the analyst says.

KAF-Seagroatt & Campbell Securities said in its report earlier this week that Scientex's landbanks are expected to deliver sustainable contributions from the property management segment for the next 10 years.

Excluding the Penang and Selangor lands,

Media Highlights

China Press March 2019

C2 中國報 2019年3月23日 星期六

今日馬六甲 MELAKA

甲青年房屋計劃誕生

首長：落實希盟宣言之一

Guang Ming Daily December 2018

吉膽島海洋大掃除

30天清理9860公斤垃圾

The Edge August 2018

THE EDGE FINANCIAL DAILY MAKE BETTER DECISIONS

www.theedgemarkets.com

Scientex to buy Melaka land for mixed property development

BY ADAM AZIZ

The land will provide it a steady and sustainable property development model.

The Edge April 2019

Scientex holds 61.89% stake in Daibochi after MGO

BY JUSTIN LIM

KUALA LUMPUR: Scientex Bhd has garnered valid acceptance of a 61.89% shareholding in Daibochi Bhd through its mandatory general offer (MGO) in a share swap, according to its latest filing with Bursa Malaysia.

Under the MGO, closed at 5pm yesterday, Daibochi shareholders had the option to swap 5.5 of their shares for one Scientex share.

China Press August 2018

2018年8月20日 星期一 中國報 CHINA PRESS

■森德埔莱通往马新第二通道的新道路，将于8月25日正式通车。

森德與地方政府合作

闢往馬新第二通道新路

■ "Camellia" 双层排楼售价介于37万令吉左右，现已公开登记。

The Edge June 2019

Scientex unit buys Penang land to build affordable homes

BY ARJUNA CHANDRAN SHANKAR

KUALA LUMPUR: Scientex Bhd is expanding its land bank for property development.

In a filing to Bursa Malaysia yesterday, Scientex said its subsidiary, Scientex (Skudai) Sdn Bhd, has

The land purchase is expected to be completed in the first half of 2020.

Last month Scientex announced it bought two pieces of land worth RM123.28 million to develop affordable homes.

Besides, the group's whol-

in line with its strategy to expand northwards in Peninsular Malaysia, and will provide an adequate land bank to sustain property developments over the medium and long term.

It added that the expansion also fits in with the group's plans to build

PROFILE OF THE BOARD OF DIRECTORS

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim

Chairman and Non-Independent Non-Executive Director

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, a Malaysian, male, aged 80, is a Non-Independent Non-Executive Director and Chairman of the Company. He was appointed to the Board as Independent Non-Executive Chairman on 20 June 2003 and was re-designated as Non-Independent Non-Executive Chairman on 22 March 2018. He is also a member of the Board's Nomination and Remuneration Committee.

Tan Sri Dato' Mohd Sheriff graduated with a Bachelor of Arts (Honours) Economics degree from University of Malaya in 1963 and a Diploma in Economic Development from Oxford University, United Kingdom in 1969. He graduated with a Master of Arts in Economics from Vanderbilt University, USA in 1974.

He served as the Secretary General of Treasury, Ministry of Finance for 3 years from 1991 to 1994 and as Managing Director of Khazanah Nasional Berhad for 9 years from 1994 to 2003. He was a former Director of United Engineers (Malaysia) Berhad, RHB Bank Berhad and former Chairman of Renong Berhad, Projek Penyelenggaraan Lebuhraya Berhad, PLUS Expressways Berhad, PLUS Malaysia Berhad, Malaysian Institute of Economic Research, Manulife Holdings Berhad, Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad. He was also a former President of the Malaysian Economic Association.

He sits on the Board of Trustees of Yayasan UEM. He is also a Non-Executive Chairman of Warisan Pinang Sdn Bhd, a property development company.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Lim Peng Jin

Managing Director

Lim Peng Jin, a Malaysian, male, aged 52, is currently the Managing Director of the Company. He was appointed to the Board on 20 January 1995 as the Group Executive Director and was re-designated as Managing Director on 6 November 2001. He is also a member of the Board's Risk Management Committee.

Lim Peng Jin graduated with a Bachelor of Science (Honours) in Chemical Engineering from the University of Tokyo, Japan in 1990. He began his career in the chemical industry in Japan before joining the Company in 1991. He had also completed a course in Programme Management Development at Harvard University, USA in 1998. He has local and international working experiences in the fields of polymer and chemicals during the early years of his career and is very hands-on in the business of Scientex Group of Companies involving packaging, property, polymer and chemicals industries for the past 20 years. The success of the Group owes much to his extensive involvement in its operations and management.

He is the brother of Lim Peng Cheong, who is also a Director and major shareholder of Scientex Berhad. He has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Profile of
The Board of Directors

Lim Peng Cheong

Non-Independent
Non-Executive Director

Lim Peng Cheong, a Malaysian, male, aged 57, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board as an Executive Director on 9 September 1988, and has held this position until 10 November 2003 when he was re-designated as Non-Executive Director. He graduated with a Bachelor of Science (Honours) in Business Studies from the City University, London, UK in June 1984. He is currently the Managing Director of Malacca Securities Sdn Bhd.

He is the brother of Lim Peng Jin, who is also a Director and major shareholder of Scientex Berhad. He has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Wong Chin Mun

Independent
Non-Executive Director

Wong Chin Mun, a Malaysian, male, aged 75, is an Independent Non-Executive Director of the Company. He was appointed to the Board as a Non-Executive Director on 6 October 2017. He is also the Chairman of the Board's Audit Committee and a member of the Nomination and Remuneration Committee.

Wong Chin Mun received the Teacher's Certificate from the Ministry of Education of Malaysia in 1966 and graduated with Bachelor of Business (Accounting) Degree and Bachelor of Business (Secretarial Administration) Degree from Curtin University, Western Australia in 1972 and 1974 respectively. He is a Fellow of Australian Society of Certified Practising Accountants as well as associate members of Institute of Chartered Secretaries and Administrators, UK and Malaysian Institute of Accountants.

Wong Chin Mun worked as the Financial Controller/Company Secretary in Yeo Hiap Seng Bhd from 1974 to 1975. He then joined Nylex (Malaysia) Berhad ("Nylex") as the Financial Controller/Company Secretary in 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and left Nylex at the end of June 1994 to found TEC Asia Centre (now known as Vistage Malaysia Sdn Bhd), an international organisation which aims to help chief executive officers and entrepreneurs to manage change and grow their businesses. He had served on the National Export Council under the Ministry of International Trade & Industry ("MITI") from 1989 to 1992 and was appointed to the National Branding Taskforce of MITI 2006 to 2009. He also served on the Board of Trustees of Malaysian Rubber Export Promotion Council from 2000 to 2002. Currently, Mr Wong is the Senior Independent Non-Executive Director of Sunway Berhad as well as the Independent Non-Executive Director of Khind Holdings Berhad. He serves on the Board of Trustees of Scientex Foundation since 2008. He is also the Chairman of the FMM-MIER Business Conditions Survey Committee and a Member of the FMM Strategic Policies Committee.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Profile of
The Board of Directors

Dato' Noorizah Binti Hj Abd Hamid

Independent
Non-Executive Director

Dato' Noorizah Binti Hj Abd Hamid, a Malaysian, female, aged 59, is an Independent Non-Executive Director of the Company. She was appointed to the Board as a Non-Executive Director on 7 November 2016. She is also the Chairperson of the Board's Risk Management Committee and a member of the Board's Audit Committee.

Dato' Noorizah Binti Hj Abd Hamid graduated with a Diploma in Accountancy from MARA Institute of Technology in 1980, a Bachelor of Science Degree in Business Administration (Finance) and a Master Degree in Business Administration (Finance and Management) from Central Michigan University, United States of America in 1982 and 1984 respectively.

She was the former Independent Non-Executive Director of Amanah Mutual Berhad, former Non-Executive Chairperson and Managing Director/Chief Executive Officer of PLUS Expressways International Berhad ("PEIB") and former Managing Director of PLUS Malaysia Berhad and PLUS Expressways Berhad. Presently, she sits on the Board of Directors of Mass Rapid Transit Corporation Sdn Bhd, which is wholly-owned by Minister of Finance Incorporated Malaysia, PNB Merdeka Venture Sdn Bhd, Land & General Berhad, Maybank Islamic Asset Management Sdn Bhd and PT Lintas Marga Sedaya, a subsidiary of PEIB.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2019.

Ang Kim Swee

Independent
Non-Executive Director

Ang Kim Swee, a Malaysian, male, aged 61, is an Independent Non-Executive Director. He was appointed to the Board on 17 December 2014. He is also the Chairman of the Board's Nomination and Remuneration Committee and a member of the Board's Audit Committee and Risk Management Committee.

Ang Kim Swee graduated with Diploma in Accounting and Costing. He is a Registered Financial Planner, a Chartered Financial Consultant registered with The Malaysian Insurance Institute, an Audit Committee Member of The Institute of Internal Auditors Malaysia as well as a Qualified Risk Director with the Institute of Enterprise Risk Practitioners. He has also attended Premier Business Management Program organised by Harvard Club of Malaysia in 2015. He has more than 30 years of working experience in the areas of finance, costing, information technology systems and administration. He is a pioneer of Meditop Corporation (M) Sdn Bhd since 1990 and presently, he is the General Manager (Finance) primarily responsible for the management of financial affairs of the company.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

PROFILE OF KEY MANAGEMENT

The Key Management consists of Mr Lim Peng Jin, Managing Director of Scientex Berhad whose profile is listed in the Profile of the Board of Directors set out on page 10 of this Annual Report, and the following persons:-

Koay Teik Chuan

Executive Director
(Property Business)

Koay Teik Chuan, a Malaysian, male, aged 59, joined Scientex in 1997. During the early stages, he was involved in the construction and development of Scientex's flagship development in Johor. Prior to joining Scientex, he was handling various construction projects in different parts of the country. He was appointed as the Executive Director of Scientex's property business on 1 November 2009. He received his higher education from the Institut Teknoloji Butterworth in 1978 and has more than 25 years of experience in various aspects of construction and property development including township projects. Presently, he is also the Assistant to the Managing Director since 2001.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Choo Seng Hong

Executive Director
(Manufacturing Business)

Choo Seng Hong, a Malaysian, male, aged 51, graduated with a Bachelor of Accountancy from Universiti Putra Malaysia in 1993 and is also a member of the Malaysian Institute of Accountants. He was formerly the Finance and Administration Manager of Scientex. Currently, he holds various senior positions in the Company's subsidiaries. Prior to joining Scientex in 1997, he was attached to KPMG from 1993 to 1997 and has experience in the fields of banking, oil and gas and manufacturing. He was appointed as the Executive Director of Scientex's manufacturing business on 1 March 2003 and presently, is the Head of Manufacturing Division.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Khaw Giet Thye

Executive Director
(Property Business)

Khaw Giet Thye, a Malaysian, male, aged 51, joined Scientex's property division in 1996. Starting off as a project manager in Scientex's subsidiary, Scientex Quatari Sdn Bhd, he was promoted to General Manager on 1 February 2004 and subsequently, as Executive Director of Scientex's property business on 1 August 2013. He graduated from University Science of Malaysia with a Degree in Housing, Building & Planning and has over 20 years of experience in construction and property development.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Profile of Key Management

Gan Kok Khye

Executive Director (Manufacturing Business)

Gan Kok Khye, a Malaysian, male, aged 57, graduated from North East London Polytechnic, London in 1985 with a Bachelor of Arts (Honours) in Business Studies. He joined Scientex Group in 1988 and since then, has held various management positions in the subsidiaries of the Company. He was appointed as an Executive Director of the Group's subsidiary, Scientex Packaging Film Sdn Bhd as well as the Executive Director of Scientex's manufacturing business in 2002. For a period from year 2016 to year 2018, he was assigned to oversee the corporate affairs of the Group. Presently, he is the Executive Director of Manufacturing Business.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Chang Siew Sian

Executive Director (Corporate Planning)

Chang Siew Sian, a Malaysian, female, aged 47, is an accountant by profession. She graduated from University of Malaya with a Bachelor Degree in Accounting. She is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. She joined Scientex Berhad in 2002 as Corporate Finance Manager and subsequently promoted to Group Financial Controller on 15 May 2003. She was appointed as the Executive Director overseeing corporate planning of the Group since 2014. She completed the Advanced Management Program in Harvard Business School in 2015.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2019.

Yau Kuan Yee

Executive Director (Manufacturing Facilities)

Yau Kuan Yee, a Malaysian, male, aged 58, joined Scientex in 1996 as a Division General Manager of stretch film business. He was appointed as the Senior Technical General Manager on 1 March 2015 and presently, is the Executive Director of Manufacturing Facilities since 1 August 2017. He has almost 30 years of experience in the plastics packaging industry and 25 years in stretch film segment. He graduated from Swinburne Institute of Technology, Melbourne, Australia with a degree in Manufacturing Engineering.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Profile of Key Management

Choo Chee Meng

Senior General Manager (Property Business)

Choo Chee Meng, a Malaysian, male, aged 41, joined Scientex's property division in 2006 as an Assistant Finance Manager. He was promoted to Senior General Manager of Scientex's property business on 1 August 2013. He graduated from University of South Australia, Adelaide with a Degree in Accounting and has more than 10 years of experience in the fields of accounting and property development.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Goh Tian Chin

Senior General Manager (Manufacturing Business)

Goh Tian Chin, a Malaysian, male, aged 54, joined Scientex Polymer Sdn Bhd in September 1995 as Assistant Production Manager. He was promoted to General Manager in February 2001 and since 1 July 2010, he has assumed the responsibilities of a Senior General Manager for the stretch film business. He is a graduate of University Science of Malaysia with a Bachelor's Degree in Technology and has more than 20 years of experience in the polymer industry.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Tan Hong Koon

General Manager (Corporate Planning)

Tan Hong Koon, a Malaysian, female, aged 41, is an accountant by profession. She has more than a decade of local and international experience in the field of auditing and accounting. She graduated from University of Melbourne with a Bachelor Degree in Accounting & Finance. She is a member of the Chartered Accountants Australia and New Zealand. She joined Scientex Berhad in 2003 and was appointed as Senior Financial Manager on 1 January 2009. She was promoted to Group Financial Controller of Scientex Berhad on 20 October 2014 and held this position until 30 November 2017. Presently, she is the General Manager of Corporate Planning since January 2019.

She does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2019.

Phang Chi Ming

Legal & Corporate Affairs Manager

Phang Chi Ming, a Malaysian, male, aged 54, graduated from the National University of Singapore in 1989 with a Bachelor of Laws (Honours) degree. He has been in legal practice since 1990 and obtained his Master of Laws from University of Malaya in 1996. He has various experience in commercial and corporate work as well as litigation. He was appointed as the Legal & Corporate Affairs Manager of Scientex Berhad since 14 January 2008.

He does not have any family relationship with any Director and/or major shareholder of Scientex Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2019.

Chairman's Statement

Dear Fellow Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the Annual Report and Audited Financial Statements of Scientex Berhad (interchangeably referred to as "Scientex", the "Group" and/or the "Company") for the financial year ended 31 July 2019 ("FY2019").

It was an extremely busy year during FY2019 for the Group as it continues on its journey to become a truly global packaging player and a top-notch developer of affordable homes in Malaysia.

As the Group turns 51 this year, it will continue with its expansion drive by building on its existing strengths and capabilities and leveraging on its track record to build an even more solid foundation which will provide the platform for its future growth and expansion.

FINANCIAL PERFORMANCE

For FY2019, the Group has seen another year of outstanding achievement with another new record revenue of RM3.2 billion compared to RM2.6 billion for financial year ended 31 July 2018 ("FY2018"). This record revenue has also led to a corresponding increase in net profit from RM284.5 million to RM333.7 million, reflecting a healthy 17.3% increase. Earnings per share ("EPS") rose from 58.5 sen to 66.7 sen.

The manufacturing division saw a significant leap in terms of revenue for the current financial year under review, posting revenue of RM2.4 billion compared to RM1.9 billion recorded in the previous financial year. The increase in revenue was mainly contributed by better utilisation rate achieved by the manufacturing plants from its stretch film, custom film and specialty products operating segments as well as contributions from its newly acquired converting based subsidiaries which provide flexible plastic packaging ("FPP") solutions to globally-renowned names in the food and beverage ("F&B") and fast moving consumer goods ("FMCG") sectors. Capitalising on its combined strength, capacity and capabilities, the Group is well positioned to further increase its presence in the ever-growing FPP market.

We are also extremely delighted to report that the property division has delivered its best results in the history of the Group with revenue posting a phenomenal RM889.6 million compared to the previous financial year when its recorded revenue was RM698.2 million. The better performance in both the revenue and operating profit were mainly contributed by the good take-up rates recorded for our new property launches and steady construction billings progress in its on-going development projects. With support from the state governments of Johor, Melaka and Perak as well as at the federal levels, the Group continues to play its role to be a developer of affordable homes and is also working closely with the state governments of Johor, Melaka and Perak in their respective Rumah Mampu Biaya and/or Rumah Mampu Milik projects in an effort to boost ownership of affordable homes. With the initiatives by the central bank and coupled with the

Chairman's Statement

Government's push to provide more affordable homes, the Group expects to see resilient demand for housing under this category. As such, affordable homes remain the key focus of Scientex in the foreseeable future.

DIVIDENDS

The Group has declared a single tier interim dividend of 10 sen per ordinary share, resulting in RM51.5 million being paid out on 23 July 2019 to all shareholders whose names appeared on the record of depositors as at 16 July 2019.

The Board would like to further reward its shareholders with a single tier final dividend of 10 sen per ordinary share or a total of RM51.5 million being payable to entitled shareholders, subject to the approval of shareholders at the forthcoming Annual General Meeting. In total, this would see a record sum of RM103.1 million being paid out as dividends for the financial year just ended, representing approximately 30.9% of the Company's net profit. This dividend payout also reflects the Company's commitment to pay out at least 30% of its annual net profit to reward our shareholders for the trust and faith they have placed with the Company.

CORPORATE DEVELOPMENTS

During FY2019, the Company had on 19 February 2019 completed the proposed acquisition of 139,062,766 ordinary shares in Daibochi Berhad ("Daibochi"), representing approximately 42.48% of the total number of issued shares in Daibochi (excluding treasury shares). Pursuant thereto, the Company became the single largest shareholder of Daibochi and gained management control over Daibochi. Subsequent to the completion of the MGO on 5 April 2019, the Company acquired in total 61.89% equity interest in Daibochi for a total purchase consideration of RM322.1 million which was satisfied by the issuance of 26,027,972 ordinary shares in Scientex amounting to RM229.0 million and cash consideration of RM93.1 million. This significant acquisition, which saw Daibochi becoming a subsidiary of the Group, will further enhance the Group's ability to service its FPP customers both domestically and regionally as Daibochi has built up a strong export market base in this product. The acquisition of Daibochi has also opened up new markets for the Group in Myanmar with its manufacturing plant set up 2 years ago to cater to the rapidly growing Myanmar market as well as the greater Mekong region which comprises Cambodia, Laos and Vietnam.

Scientex is also pleased to inform that its subsidiary, Daibochi, had in August 2019 completed its first acquisition of Mega Printing & Packaging Sdn Bhd ("Mega"). The acquisition saw Mega becoming a 100% owned subsidiary of Daibochi. The RM125.0 million acquisition of Mega was another strategic move by the Group as Mega is one of the top FPP producers in Malaysia with its own niche domestic market share.

For its property division, the Group continues to expand its landbanks in Peninsular Malaysia. The acquisition of 208.9 acres of freehold lands which are located in close proximity to its existing Durian Tunggal development in Melaka is expected to continue to meet the rising demand for affordable housing in Melaka in the near future. The Group had also acquired additional development landbanks measuring approximately 22.3 acres adjoining its current Meru 2 development which is enjoying good sales.

As the Group establishes its reputation outside its traditional home base in Johor, its developments in Melaka and Perak are seeing healthy demand for its products. Capitalising on this, the Group further acquired approximately 166.5 acres of freehold development lands in Kundang, Selangor to cater to the strong demand for affordable housing in the Klang Valley and another 157.8 acres of freehold lands in Jasin, Melaka which should see the acquisitions being completed by the first half of 2020. The most recent acquisition marks the maiden entry of Scientex in the northern state of Penang with the proposed acquisition of approximately 179.7 acres of freehold lands located in Tasek Gelugor, Penang which is expected to be completed sometime in the first half of 2020. These acquisitions are expected to see the Group's continuing focus on affordable homes which continues to see strong demand in this housing segment and well supported by governmental and regulatory policies designed to promote greater affordable housing ownership.

On 5 December 2018, the Company had extended its Scientex Berhad Share Grant Plan ("SGP") which expired on 20 January 2019 for another five (5) years in accordance with the terms and conditions of the SGP By-Laws. Under the SGP, the Company is allowed to issue up to 5% of the total number of issued shares of the Company to eligible key management during the SGP period. The establishment of the SGP which was approved by the shareholders of the Company at its 45th Annual General Meeting serves as an annual grant to incentivise key management and employees towards the attainment of the long term success and growth of the Group as well as shareholders' value enhancement.

ECONOMIC OUTLOOK AND PROSPECTS

Since the last financial year, the global economic outlook has seen a deterioration in the growth prospects of the global advanced economies. The escalation of the trade tensions between the United States of America ("US") and China has been a major dampener on global trade and investor confidence.

For the Group, the trade tensions have to a certain extent been a boon as more resins from the US become more readily available due to the lack of demand from China. On the other hand, the trade tensions have created greater uncertainty for world trade as confidence is affected by the lingering trade spat. This has also caused market volatility in the price of raw materials.

The Group has made a strategic move to set up a stretch film plant in the US in FY2017. This Arizona based plant is expected to see its stretch film sales increase in the coming years as ample supply of resins from the US based shale gas producers would enable the Group to source for its raw materials more competitively. Through its direct presence in the US market, the Group would be able to compete to open up more market share in the US domestic market in the coming years as part of its long term strategy to be closer to its international markets. With growth in the Asean region and the wider Asia Pacific region remaining intact and resilient, the Group continues to be on the lookout for potential acquisition targets in its quest to drive the future growth of the Group, particularly for its manufacturing division.

The strategic acquisitions carried out in the current financial year under review are expected to give rise to greater synergistic benefits as the Group leverages on the combined operational scale and the respective strengths and technical expertise of the enlarged Group to innovate and customise packaging solutions to cater to the fast growing global FPP industry seeking sustainable packaging solutions. The Group expects both Daibochi and its subsidiary Mega to contribute positively to the future earnings of the Group in the coming financial year.

For its property division, market demand for its landed affordable homes continue to drive its performance and the Group will continue to focus in this housing segment for the coming financial year and beyond. To develop a sustainable business model focused on landed affordable housing, the Group will continue to source for suitable landbanks which will enable the Group to build more affordably priced products by leveraging on township development and controlling costs to enhance its revenue and profit growth in the future. The recently announced funding for first time buyers in the affordable housing category and reduction in its Overnight Policy Rate in May 2019 from 3.25% to 3.00% are initiatives by Bank Negara Malaysia to encourage domestic investments and support economic growth. The Group remains optimistic that demand for its affordable housing will remain sustainable. The recent landbanks acquisitions will provide greater earnings visibility on a sustainable basis as the Group seeks to become an acknowledged developer of such products in the marketplace.

SUSTAINABILITY AND CORPORATE GOVERNANCE

The Group recognises that good corporate governance is vital to the Group's core value creation process as businesses are no longer solely judged in terms of financial performance. Other factors such as governance, economic, environment and social aspects (collectively known as "material sustainability matters") are being considered by the Group and its stakeholders to determine its longer term sustainability model. As part of this journey towards sustainability, the Group has outlined its material sustainability matters in the sustainability statement found in this report.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our deepest gratitude to the Management helmed by Mr Lim Peng Jin as Managing Director, members of the Executive Committee, senior management and staff whose tireless dedication, effort and professionalism have been beyond question. Their ability to rise to the challenge and surpasses expectations by posting another year of record results despite facing increasingly challenging and uncertain times speaks volumes for the team.

The Board is heartened to know that Management has a clear vision and truly understands the businesses that it is involved in. Coupled with a prudent and hands-on management style led by Mr Lim Peng Jin, the Board of Directors is confident that the future of the Group remains in good and steady hands. Cognisant of the external factors which may affect the Group, the Board will continue to play its role to provide the necessary oversight, guidance and advice to the Management and monitor the potential risks to ensure that these are managed properly without being detrimental to the long term growth prospects of the Group even as the Group continues to seek out new opportunities to expand and find new areas of growth.

The Board would also like to extend its sincere gratitude to its shareholders, business partners and customers for their long standing support, cooperation and loyalty over the past decades. The Board and the Management will continue to strive to ensure that the interest of all stakeholders are duly addressed as we work towards a sustainable future for all.

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Chairman

Pernyataan Pengerusi

Para Pemegang Saham yang Dihormati,

Bagi pihak Lembaga Pengarah ("Lembaga"), saya dengan sukacitanya ingin membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Scientex Berhad (secara bertukar ganti dirujuk sebagai "Scientex", "Kumpulan" dan/atau "Syarikat") bagi tahun kewangan berakhir 31 Julai 2019 ("FY2019").

FY2019 merupakan tahun yang sangat aktif bagi Kumpulan apabila meneruskan usahanya untuk menjadi pembungkus global yang terkemuka dan pemaju rumah mampu milik yang cemerlang di Malaysia.

Dengan Kumpulan menjangkau usia 51 tahun pada tahun ini, Kumpulan akan meneruskan dorongan pengembangannya dengan mengukuhkan kekuatan dan kemampuannya yang sedia ada serta memanfaatkan rekod prestasinya untuk membina asas yang lebih kukuh yang mana akan memberikan platform bagi pertumbuhan dan pengembangan masa depannya.

PRESTASI KEWANGAN

Bagi FY2019, Kumpulan menyaksikan satu lagi tahun pencapaian luar biasa dengan satu lagi rekod baharu bagi hasil yang berjumlah RM3.2 bilion berbanding RM2.6 bilion bagi tahun kewangan berakhir 31 Julai 2018 ("FY2018"). Hasil yang mencatatkan rekod ini juga menyebabkan peningkatan yang setara dalam untung bersih daripada RM284.5 juta kepada RM333.7 juta, menunjukkan peningkatan yang kukuh sebanyak 17.3%. Perolehan sesaham ("EPS") meningkat daripada 58.5 sen kepada 66.7 sen.

Bahagian perkilangan menyaksikan lonjakan yang ketara dari segi hasil untuk tahun kewangan semasa di bawah kajian, mencatatkan hasil sebanyak RM2.4 bilion berbanding RM1.9 bilion yang dicatatkan dalam tahun kewangan sebelumnya. Peningkatan dalam hasil ini disumbangkan terutamanya oleh kadar penggunaan yang lebih baik yang dicapai oleh loji perkilangan daripada segmen operasi filem regang (stretch film), filem tempahan khas (custom film) dan produk khusus (specialty products) serta sumbangan daripada subsidiari berasaskan pengubahan (converting) yang baru sahaja diperoleh, yang menyediakan larutan pembungkus plastik fleksibel ("FPP") kepada syarikat makanan dan minuman ("F&B") yang terkenal di peringkat antarabangsa serta sektor barangan pengguna yang berkembang pesat ("FMCG"). Dengan memanfaatkan gabungan kekuatan, keupayaan dan kemampuannya, Kumpulan berada pada kedudukan yang baik untuk meningkatkan kewujudannya dalam pasaran FPP yang sentiasa berkembang.

Kami amat berbangga untuk melaporkan bahawa bahagian hartanah telah menyampaikan keputusan terbaiknya dalam sejarah Kumpulan dengan hasilnya mencatatkan angka yang luar biasa iaitu RM889.6 juta berbanding tahun kewangan sebelumnya apabila hasil yang dicatatkan berjumlah RM698.2 juta. Prestasi yang lebih baik dalam hasil dan keuntungan operasi disumbangkan terutamanya oleh kadar pengambilan yang baik yang dicatatkan untuk pelancaran hartanah baharu kami dan kemajuan urusan bil pembinaan yang mantap dalam projek pembangunan yang sedang dijalankan. Dengan sokongan kerajaan negeri Johor, Melaka dan Perak serta peringkat persekutuan, Kumpulan terus memainkan peranannya sebagai pemaju rumah mampu milik dan juga bekerja sama rapat dengan kerajaan negeri Johor, Melaka dan Perak dalam projek Rumah Mampu Biaya dan/atau Rumah Mampu Miliknya masing-masing dalam usaha meningkatkan pemilikan rumah mampu milik. Dengan inisiatif bank negara dan gesaan Kerajaan supaya menyediakan lebih banyak rumah mampu milik, Kumpulan menjangka akan dapat melihat permintaan yang kukuh terhadap perumahan di bawah kategori ini. Oleh itu, rumah mampu milik terus menjadi tumpuan utama Scientex dalam tempoh masa depan yang dijangkakan.

DIVIDEN

Kumpulan telah mengisytiharkan dividen interim satu peringkat sebanyak 10 sen sesaham. Hasil daripada itu, RM51.5 juta telah dibayar pada 23 Julai 2019 kepada semua pemegang saham yang namanya tercatat dalam rekod pendeposit setakat 16 Julai 2019.

Lembaga ingin memberikan ganjaran lanjut kepada para pemegang sahamnya dengan dividen akhir satu peringkat sebanyak 10 sen sesaham atau sejumlah RM51.5 juta dibayar kepada para pemegang saham yang layak, tertakluk kepada kelulusan para pemegang saham di Mesyuarat Agung Tahunan yang akan datang. Secara keseluruhan, keadaan ini akan menyaksikan jumlah tertinggi sebanyak RM103.1 juta dibayar sebagai dividen untuk tahun kewangan yang baru berakhir, mewakili kira-kira 30.9% daripada untung bersih Syarikat. Bayaran dividen ini juga menunjukkan komitmen Syarikat untuk membayar sekurang-kurangnya 30% daripada untung bersih tahunannya sebagai ganjaran kepada para pemegang sahamnya atas kepercayaan dan keyakinan yang diberikan kepada Syarikat.

Pernyataan Pengerusi

PEMBANGUNAN KORPORAT

Dalam FY2019, Syarikat telah pada 19 Februari 2019 menyempurnakan pemerolehan 139,062,766 saham biasa yang dicadangkan dalam Daibochi Berhad ("Daibochi"), mewakili kira-kira 42.48% daripada jumlah bilangan saham yang diterbitkan dalam Daibochi (tidak termasuk saham perbendaharaan). Selaras dengan hal ini, Syarikat menjadi pemegang saham tunggal terbesar Daibochi dan mengawal pengurusan Daibochi. Selepas penyempurnaan MGO pada 5 April 2019, Syarikat memperoleh sejumlah 61.89% kepentingan ekuiti dalam Daibochi untuk suatu pertimbangan pembelian berjumlah RM322.1 juta yang telah dipenuhi dengan penerbitan 26,027,972 saham biasa dalam Scientex berjumlah RM229.0 juta serta suatu pertimbangan tunai berjumlah RM93.1 juta. Pemerolehan yang penting ini, yang mana akan menyaksikan Daibochi menjadi subsidiari dalam Kumpulan, akan terus meningkatkan kemampuan Kumpulan untuk memberikan perkhidmatan kepada pelanggan FPPnya di dalam negeri dan serantau memandangkan Daibochi telah membina pangkalan pasaran eksport yang kukuh dalam bidang FPP. Pemerolehan Daibochi juga telah membuka pasaran baharu untuk Kumpulan di Myanmar dengan pembinaan loji perkilangannya dua tahun yang lepas bagi memenuhi pasaran Myanmar yang pesat berkembang dan rantau Mekong yang lebih luas yang terdiri daripada Kemboja, Laos dan Vietnam.

Scientex juga berbangga untuk menyatakan bahawa subsidiarinya, Daibochi, telah menyempurnakan pemerolehan pertamanya terhadap Mega Printing & Packaging Sdn Bhd ("Mega") pada Ogos 2019. Pemerolehan itu menyaksikan Mega menjadi subsidiari 100% milik Daibochi. Pemerolehan Mega berjumlah RM125.0 juta merupakan satu lagi langkah strategik Kumpulan kerana Mega adalah salah satu pengeluar FPP terulung di Malaysia dalam bahagian pasaran domestik khususnya sendiri.

Bagi bahagian hartanah, Kumpulan terus mengembangkan bank tanahnya di Semenanjung Malaysia. Pemerolehan 208.9 ekar tanah pegangan bebas yang terletak berhampiran dengan pembangunan Durian Tunggal sedia ada di Melaka dijangka akan terus memenuhi permintaan yang semakin meningkat terhadap perumahan mampu milik di Melaka pada masa depan yang terdekat. Kumpulan juga telah memperoleh bank tanah tambahan untuk pembangunan yang luasnya kira-kira 22.3 ekar, terletak bersebelahan dengan pembangunan Meru 2 yang sedia ada di mana ia mendapatkan jualan yang baik.

Memandangkan Kumpulan membina reputasinya di luar pangkalan perumahan tradisionalnya di Johor, pembangunannya di Melaka dan Perak menyaksikan permintaan yang teguh terhadap produknya. Berdasarkan pencapaian ini, Kumpulan terus memperoleh kira-kira 166.5 ekar tanah pembangunan pegangan bebas di Kundang, Selangor bagi memenuhi permintaan yang kukuh terhadap perumahan mampu milik di Lembah Klang dan satu lagi tanah pegangan bebas seluas 157.8 ekar di Jasin, Melaka yang mana seharusnya menyaksikan kedua-dua pemerolehan tersebut disempurnakan pada separuh pertama tahun 2020. Pemerolehan yang paling baru menandakan kemasukan pertama Scientex ke bahagian utara Pulau Pinang dengan tanah pegangan bebas seluas kira-kira 179.7 ekar yang terletak di Tasek Gelugor, Pulau Pinang yang dijangka disempurnakan pada kira-kira separuh pertama tahun 2020. Kesemua pemerolehan tersebut dijangka menyaksikan tumpuan berterusan oleh Kumpulan terhadap rumah mampu milik yang terus menyaksikan permintaan yang kukuh dalam segmen perumahan ini dan disokong oleh dasar kerajaan dan kawal selia yang dirangka untuk menggalakkan pemilikan rumah mampu milik yang lebih tinggi.

Pada 5 Disember 2018, Syarikat telah melanjutkan tempoh Pelan Geran Saham ("SGP") Scientex Berhad yang tamat tempoh pada 20 Januari 2019 selama lima (5) tahun lagi menurut terma dan syarat Undang-undang Kecil SGP. Di bawah SGP, Syarikat dibenarkan untuk menerbit saham sehingga 5% daripada jumlah bilangan saham Syarikat yang diterbitkan kepada pengurusan utama yang layak dalam tempoh SGP. Penubuhan SGP yang telah diluluskan oleh para pemegang saham Syarikat pada Mesyuarat Agung Tahunannya yang ke-45 bertindak sebagai geran tahunan untuk menggalakkan pihak pengurusan utama dan para pekerja ke arah mencapai kejayaan dan pertumbuhan jangka masa panjang Kumpulan serta peningkatan nilai para pemegang saham.

TINJAUAN DAN PROSPEK EKONOMI

Sejak tahun kewangan yang lepas, tinjauan ekonomi global menyaksikan kemerosotan dalam prospek pertumbuhan bagi ekonomi maju global. Peningkatan ketegangan perdagangan antara Amerika Syarikat ("AS") dengan China merupakan peredam utama terhadap keyakinan perdagangan global dan pelabur.

Bagi Kumpulan, ketegangan perdagangan ada kalanya menjadi satu kebaikan apabila lebih banyak resin daripada AS boleh didapati berikutan pengurangan permintaan daripada China. Sebaliknya pula, ketegangan perdagangan telah mewujudkan ketidakpastian yang lebih besar bagi perdagangan dunia apabila keyakinan terjejas oleh spat perdagangan yang berlarutan. Keadaan ini juga menyebabkan ketidaktentuan yang ketara dalam harga bahan mentah.

Kumpulan telah mengambil langkah strategik membina loji filem regang di AS pada Tahun Kewangan 2017. Loji yang berpangkalan di Arizona ini dijangka menyaksikan kenaikan dalam jualan filem regangnya pada tahun-tahun yang akan datang berikutan bekalan resin yang mencukupi daripada pengeluar gas syal yang berpangkalan di AS membolehkan

Kumpulan mendapatkan bahan mentahnya dengan lebih kompetitif. Melalui kewujudannya secara langsung dalam pasaran AS, Kumpulan mampu bersaing untuk membuka lebih banyak bahagian pasaran dalam pasaran domestik AS pada tahun-tahun yang akan datang sebagai sebahagian daripada strategi jangka masa panjangnya untuk menghampiri pasaran antarabangsanya. Dengan pertumbuhan yang terus berada dalam keadaan baik dan kukuh di rantau Asia dan rantau Asia Pasifik yang lebih luas, Kumpulan terus meninjau sasaran pemerolehan yang berpotensi dalam usaha pencariannya untuk memacu pertumbuhan masa depan Kumpulan, terutamanya untuk bahagian perkilangannya.

Pemerolehan strategik yang dijalankan pada tahun kewangan semasa di bawah kajian dijangka memberikan manfaat bersinergi yang lebih besar apabila Kumpulan memanfaatkan skala operasi gabungan dengan kekuatan dan kepakaran teknikal masing-masing dalam Kumpulan yang menjadi besar untuk menginovasi dalam larutan pembungkus dan menyediakannya mengikut pesanan bagi memenuhi keperluan industri FPP global yang pesat berkembang dan memerlukan larutan pembungkus yang mampan. Kumpulan menjangkakan Daibochi dan subsidiarinya, Mega, menyumbang secara positif dalam perolehan masa depan Kumpulan berkuatkuasa mulai tahun kewangan yang akan datang.

Bagi bahagian hartanahnya, permintaan pasaran untuk rumah mampu milik bertanah terus memacu prestasinya dan Kumpulan akan terus memberi tumpuan kepada segmen perumahan ini bagi tahun kewangan yang akan datang dan yang seterusnya. Untuk membangunkan model perniagaan yang mampan yang menumpu kepada perumahan mampu milik bertanah, Kumpulan akan terus mendapatkan bank tanah yang sesuai bagi membolehkan Kumpulan membina lebih banyak produk dengan harga mampu bayar dengan memanfaatkan pembangunan perbandaran serta pengawalan kos bagi meningkatkan hasil dan pertumbuhan untungnya pada masa hadapan. Pendanaan yang diumumkan baru-baru ini untuk pembeli kali pertama dalam kategori perumahan mampu milik dan pengurangan Kadar Dasar Semalamannya pada Mei 2019 daripada 3.25% kepada 3.00% merupakan inisiatif Bank Negara Malaysia untuk menggalakkan pelaburan dalam negeri dan menyokong pertumbuhan ekonomi. Kumpulan beroptimistik bahawa permintaan terhadap rumah mampu miliknya akan kekal mampan. Pemerolehan bank tanah baru-baru ini akan menyediakan kejelasan perolehan yang lebih besar berasaskan kemampanan apabila Kumpulan berusaha untuk menjadi pemaju yang diakui bagi produk tersebut dalam pasaran.

KEMAMPANAN DAN TADBIR URUS KORPORAT

Kumpulan mengenal pasti bahawa tadbir urus korporat yang baik adalah penting dalam proses pewujudan nilai teras Kumpulan kerana perniagaan tidak lagi hanya dinilai dari segi prestasi kewangan. Faktor lain seperti aspek tadbir urus, ekonomi, alam sekitar dan sosial (secara kolektif dikenali sebagai “perkara-perkara kemampanan yang penting”) sedang dipertimbangkan oleh Kumpulan dan pihak berkepentingannya untuk menentukan model kemampanan jangka masa panjang. Sebagai sebahagian daripada usaha ke arah kemampanan, Kumpulan telah menandakan perkara-perkara kemampanannya yang penting dalam pernyataan kemampanan yang boleh didapati dalam laporan ini.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin menyampaikan ucapan terima kasih yang tidak terhingga kepada Pengurusan yang diterajui oleh Encik Lim Peng Jin selaku Pengarah Urusan, semua ahli Jawatankuasa Eksekutif, pengurusan kanan dan kakitangan yang tidak pernah jemu menunjukkan dedikasi dan usaha serta profesionalisme yang tidak boleh diragui. Kemampuan mereka mengatasi cabaran dan melepasi jangkaan dengan mencatatkan satu lagi tahun dengan keputusan terbaik walaupun menghadapi cabaran yang semakin bertambah dan tempoh yang penuh dengan ketaktentuan jelas menunjukkan kegigihan pasukan.

Lembaga berasa gembira mengetahui bahawa Pengurusan mempunyai wawasan yang jelas dan sangat memahami perniagaan yang diceburi oleh Kumpulan. Gabungan gaya pengurusan yang berhemat dan penglibatan langsung yang diketuai oleh Encik Lim Peng Jin, Lembaga yakin masa depan Kumpulan akan terus berada di bawah pengurusan yang baik dan stabil. Dengan menyedari faktor luar yang boleh menjejaskan Kumpulan, Lembaga akan terus memainkan peranannya memberikan pengawasan, panduan dan nasihat yang perlu kepada Pengurusan serta mengawasi risiko yang berpotensi bagi memastikan perkara ini diuruskan dengan betul tanpa menjejaskan prospek pertumbuhan jangka panjang Kumpulan, walaupun semasa Kumpulan terus mencari peluang baharu untuk mengembangkan dan mencari bidang baharu dalam pertumbuhan.

Lembaga juga ingin menyampaikan ucapan terima kasih kepada para pemegang saham, rakan-rakan perniagaan dan pelanggannya atas sokongan, kerjasama dan kesetiaan yang diberikan sekian lama sepanjang beberapa dekad yang lalu. Lembaga dan Pengurusan akan terus berusaha memastikan kepentingan semua pihak berkepentingan ditangani sewajarnya semasa kami berusaha mencapai masa depan yang mampan untuk semua.

Tan Sri Dato’ Mohd Sheriff Bin Mohd Kassim
Pengerusi

主席报告书

各位股东，

我谨此非常荣幸的代表董事部，为大家汇报森德公司（简称森德、集团或公司）截至2019年7月31日财政年的常年报告与已审核财务报表。

对集团而言，2019财政年确实是非常忙碌的一年，森德公司继续朝着成为实力强大的全球包装业业者以及马来西亚顶尖的可负担房产发展商的征途迈进。

随着森德公司今年迈入第51个年头，集团将继续扩展其业务，并善用现有的优势和能力，以及过往的业务记录，来建立更扎实的基础，为未来的成长与扩展提供平台。

业绩表现

森德公司在2019财政年，再度取得卓越的表现，创下了32亿令吉的营业额新高纪录，相较于截至2018年7月31日的上财政年，营业额是26亿令吉。营业额创新高也推动净盈利从去年同期的2亿8450万令吉，增加至3亿3370万令吉，取得了17.3%的稳健成长。每股盈利则是从58.5仙，增加至本财政年的66.7仙。

制造业务的营业额在本财政年取得非常显著的增长。从上个财政年的19亿令吉，上扬到24亿令吉。营业额上涨的原因主要是拉伸膜(stretch film)、定制薄膜(custom film)及特质产品(specialty products)的厂房使用率提高，以及来自近期被集团收购并纳入旗下的众子公司的贡献。这些新加入森德集团的彩艺包装子公司皆为全球知名食品与饮料(F&B)，以及快速消费品(FMCG)领域品牌提供弹性塑料包装(FPP)。凭借综合优势，产能和生产力，森德进一步扩大在持续成长的弹性塑料包装市场的地位与市场份额。

与此同时，森德也欣喜地宣布产业业务在本财政年写下历史新高纪录。从去年同期的6亿9820万令吉，增长至振奋人心的8亿8960万令吉。营业额以及营运盈利增长主要是新推介的房产计划都获得良好的认购率，以及各项正在进行中的发展计划获取稳定的工程进账。森德公司会在柔佛、马六甲、霹雳州政府以及联邦政府的支持下，继续扮演好可负担房屋发展商的角色。同时也会响应政府的号召，与柔佛、马六甲以及霹雳州政府密切合作，推动各州的居者有其屋计划。集团预计，在国家银行以及政府的合力推动下，可负担房产的市场需求将继续保有弹性。有鉴于此，可负担房产依然是森德在可预知未来里的重点发展项目。

股息

较早前，集团宣布派发每股10仙的中期单层股息，总额5150万令吉的股息，已在2019年7月23日派发给在2019年7月16日仍持有森德公司股份的股东。

董事部进一步建议派发每股10仙，总额为5150万令吉的终期单层股息，以回馈符合资格的股东。有关终期股息的派发还有待即将来临的常年股东大会的通过。总的来说，森德公司于2019财政年的股息派发总额达到1亿310万令吉，相等于集团约30.9%净盈利。这反映了森德公司致力兑现派发最低30%年度净盈利给忠诚股东的承诺。

企业发展

森德公司在本财政年的2月19日，完成了献议收购耐慕志(Daibochi Bhd) 1亿3906万2766股普通股的计划，约相等于42.48%已发行股票的总数(库存股除外)。据此，森德成了耐慕志单一最大股东，并获得其管理控制权。随着强制全面献购计划在2019年4月5日完成后，森德共持有耐慕志61.89%股权。森德是通过发行总值2亿2900万令吉的2602万7972股普通股，以及现金9310万令吉现金，完成了收购计划。收购总值为3亿2210万令吉。通过这项重大的收购，耐慕志成为了集团旗下的子公司，进一步提高森德公司服务国内与区域弹性塑料包装市场的能力，尤其是耐慕志已经建立了强大的出口市场。与此同时，收购计划也让集团进军缅甸新市场。两年前，耐慕志已在缅甸设立厂房，以满足迅速增长的缅甸，以及包含柬埔寨、寮国与越南在内的大湄公河流域的需求。

森德也仅此欣喜的宣布，子公司耐慕志于2019年8月完成了首次收购美加印刷包装有限公司(Mega Printing & Packaging Sdn Bhd)的计划，后者继而成为耐慕志100%全权持有的子公司。这项1亿2500万令吉的收购计划也是集团的另一项策略性举措，主要是美加已经是大马弹性塑料包装的首要生产商，拥有其特定的国内市场份额。

至于产业业务，森德持续扩大集团在西马的土地储备面积。森德预计，通过收购毗邻马六甲榴莲洞葛房产发展计划，占地208.9英亩的永久地契地皮，将能继续满足马六甲未来数年可负担房产不断增加的需求。除此之外，集团也已经在销售反应良好的美露2发展计划邻近，购入额外22.3英亩的发展地段。

随着集团致力在柔佛传统产业基地以外的州属建立良好的信誉，其位于马六甲和霹雳州的房产发展也相当稳健。森

主席报告书

德也借此机会，收购位于雪兰莪州根登，约166.5英亩的永久地契地段，以满足巴生谷对可负担房屋的强劲需求。此外，集团也在马六甲野新购入占地157.8英亩的永久地契地皮。上述的收购估计将在2020年的上半年完成。而近期的收购则标榜着森德首次进军北方槟州的房地产市场，集团献议购入位于打昔牛汝莪占地约179.7英亩的永久地契土地，估计同样在2020年的上半年完成。以上的收购计划意味着集团将继续专注在需求持续强稳，备受政府支持的可负担房产发展，特别是官方的监管政策旨在大力推广居者有其屋计划。

森德公司在2018年12月5日，根据股权配给计划的条款与条件，将原先于2019年1月20日期满的股权配给计划延长5年。在这项计划下，森德公司通过发行高达相等于公司已发行股票和缴足资本5%的股份，配给符合资格的主要管理层。这项年度奖掖计划是在第45届常年股东大会获得批准，旨在奖赏和激励首要管理层以及员工达致公司的长远发展成就与成长，与此同时，也提高股东价值。

经济展望与前景

自上一个财政年开始，纵观全球经济展望，主要发达经济体的经济增长疲软。中美贸易战紧张局势升级是打击全球贸易和投资者信心的主要因素。

对于集团而言，贸易紧张局势在某种程度上是个利好条件。中国对美国树脂的需求大幅减少，等同于森德更容易在美国取得现成原料。另一方面，贸易紧张局势中出现的持久争端则影响市场信心，导致全球贸易走势更不明朗。这也造成原料价格的明显波动。

森德公司在2017财政年进行了一项策略性举措，在美国设立拉伸膜厂房。基于美国页岩气生产商的树脂供应充足，集团得以用更具竞争力的价格购买原料。因此，美国亚利桑那州厂房所生产的拉伸膜销量，估计在未来几年取得增长。通过这项美国的直接业务，集团将有能力在未来几年里，在美国争取更多的国内市场份额，这也是森德长期战略之一，旨在进一步打入国际市场。随着东盟地区和整个亚太地区的增长保持稳健兼具弹性，森德公司将继续寻找潜在的收购目标，特别是制造业相关业务，以推动集团未来的增长。

集团在本财政年进行的策略性收购计划预计将能带来更大的协同效益。森德得以善用并购后的综合经营规模，以及集团业务扩大后，享有的个别优势和技术专长，去创新和制定包装方案，迎合迅速增长的弹性塑料包装市场所寻求的可持续包装程序方案。森德预计耐慕志与其子公司，美加，将从下一个财政年起，为集团带来正面的盈利贡献。

至于产业业务，市场对有地可负担房产的需求强稳，将继续推动集团的业绩表现，而集团也会在下一个财政年和未来把发展重点放在可负担房产。为了专注于开展有地可负担房产的永续经营商业模式，森德公司将会继续物色合适的土地储备，并通过善用城镇发展和控制成本的优势来建造价格实惠的房产，以推高产业业务未来的营业额和盈利。近期国家银行宣布强化发放10亿令吉可负担房屋基金，以协助低收入家庭首购可负担房屋的举措，以及在2019年5月把隔夜政策利率(OPR)从原有的3.25%，下调25个基点至3%的行动，皆是国行推动国内投资和经济成长的措施。集团对可负担房屋需求得以持续，感到乐观。此外，在集团寻求成为市场公认的可负担房屋发展商的同时，公司近期收购的土地储备，将有利于森德在可继续运作的基础上，扩大盈利。

永续经营与企业监管

森德公司意识到良好的企业监管对于集团的核心价值创造过程极其重要，不能再单凭财务表现来评估业务。其它因素如监管、经济、环境和社会群体（统称实质性可持续发展事项）都是森德公司与其股东在长期永续经营模式中的决策关键点。作为迈向可持续发展的部分努力，集团在本年度报告书的可持续性文告中，概述了实质性可持续发展事项。

感谢篇

我谨代表董事部诚心感谢由董事经理，林炳仁先生带领的管理层、执行委员、高级主管以及员工，他们孜孜不倦的奉献精神，努力和专业已毋庸置疑。尽管面对重重挑战和不明朗因素，他们仍然能够突破重围，在本财政年再次捎来创新高的业绩表现。

董事非常欣慰的是，管理层拥有清晰的愿景并真正了解其所涉及的业务。凭借董事经理，林炳仁先生谨慎并亲自掌舵的领导作风，董事部深信已把集团交托于值得信任的团队，对未来更是充满信心。董事部也意识到外围因素的潜在影响，所以将继续扮演好其角色，为管理层提供必要的监督，指引与忠告。董事局会在集团持续寻找新商机，扩展业务和探索新的成长领域的同时，监控潜在风险，确保风险得到妥善管理，不会对集团的长期增长前景造成妨害。

董事局也至诚感谢我们的股东、生意伙伴与客户，感谢他们数十年来，坚定不移的支持、配合与忠诚。在集团致力走向永续经营的同时，董事部和管理层会继续努力确保所有股东获得可续性的回酬。

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
主席

MANAGEMENT DISCUSSION AND ANALYSIS

Manufacturing

Property

Management Discussion and Analysis

Revenue

Increased to

RM **3.2** billion

Total Assets

Increased to

RM **4.1** billion

Net Operating Cash Flow

Increased to

RM **557.0** million

Dividends

Increased to

RM **103.1** million

Overview

of Scientex Berhad

Established in 1968, Scientex Berhad (interchangeably referred to as "Scientex", the "Group" and/or the "Company") has turned 51 this year. Scientex is an established and diversified company that is constantly breaking new ground in its twin core businesses of manufacturing and property divisions. Today, Scientex is one of the world's top producers of industrial stretch film as well as leading producer of other industrial and consumer-based flexible plastic packaging products with plants in Malaysia, Vietnam, Myanmar and the United States of America. Scientex is also a reputable property developer with presence in Johor, Melaka, Perak, Selangor and now in Penang. Scientex has acquired 3,797.1 acres of landbanks across Peninsular Malaysia up to the financial year under review.

Management Discussion and Analysis

Following the celebration of our 50th anniversary, it has been another exciting financial year ended 31 July 2019 ("FY2019") for Scientex which has witnessed several successful corporate exercises for both its core businesses of manufacturing and property divisions. Scientex has continued to perform remarkably despite yet another challenging year due to the overall sluggish global growth.

The Group has recorded its highest revenue of RM3.2 billion, jumped of 24.8% compared to the previous financial year ("FY2018") of RM2.6 billion. The increase in revenue was driven by the higher contribution from its twin core business, the manufacturing and property divisions.

Description	FY2019 RM'000	FY2018 RM'000 (Restated)	Change %
Revenue	3,247,446	2,602,834	+ 24.8
Profit Before Tax ("PBT")	450,588	354,684	+ 27.0
Profit attributable to owners of the Company	333,697	284,506	+ 17.3

The manufacturing division of the Group posted its highest revenue of RM2.4 billion, increasing 23.8% compared to the preceding financial year of RM1.9 billion. The increase in revenue was mainly contributed by the higher utilisation rates across its manufacturing plants as well as the Group's expansion in stretch film, custom film and the newly acquired converting business. Operating profit improved from RM126.9 million to RM175.2 million, mainly attributable to favourable sales mix and better product margins due to softening of raw material prices.

The property revenue of the Group recorded growth of 27.4% year-on-year to RM889.6 million driven by good take-up rate recorded for the new affordable residential property launches in all the development projects and stable progress billings for its affordable property offerings in Johor, Melaka, Perak and Selangor. In line with the higher sales recorded, the operating profit improved to RM286.5 million in FY2019.

The stronger performance achieved from both the manufacturing and property divisions have boosted the Group PBT to RM450.6 million in FY2019, representing an increase of 27.0% compared to RM354.7 million in FY2018.

The total assets of the Group increased from RM3.4 billion in FY2018 to RM4.1 billion in FY2019. This was mainly contributed by the consolidation of assets and the provisional goodwill arising from the acquisition of Daibochi Berhad ("Daibochi"). Total equity attributable to owners of the Company increased to RM2.2 billion compared to RM1.7 billion in FY2018. The increase was largely due to:-

a) annual net profit contribution of RM333.7 million offset by total dividend payments of RM100.4 million in FY2019;

b) new issue of 307,000 ordinary shares pursuant to the Scientex Berhad Share Grant Plan to eligible employees of the Group; and

c) new issue of 26,027,972 ordinary shares pursuant to the acquisition and the mandatory take-over offer of Daibochi.

Resultant thereto, the total number of issued shares of the Company as at 31 July 2019 stood at 515,261,472 ordinary shares, out of which 100 ordinary shares were held as treasury shares.

Management Discussion and Analysis

The primary objective of the Group's capital management is to ensure that the Group maintains healthy capital ratios in order to support its business operations and maximise shareholder value. The Group operates a centralised treasury management function to primarily optimise the deployment of its financial resources and minimise the financing costs on its business operations. The Group continues to generate healthy cashflow from its business operations with net cash generated from operating activities of RM557.0 million in FY2019, higher compared to FY2018 mainly due to an increase in PBT for the year and a decrease in cash utilised for working capital purposes.

For investing activities, the Group utilised RM298.6 million in FY2019. Capital expenditure incurred in FY2019 included purchase of land held for development for the property division and the payment of plant and machinery for the manufacturing division. In addition, cash used in investing activities also include the net cash paid for the acquisition of Daibochi and the deposit paid for the acquisition of Mega Printing & Packaging Sdn Bhd ("Mega").

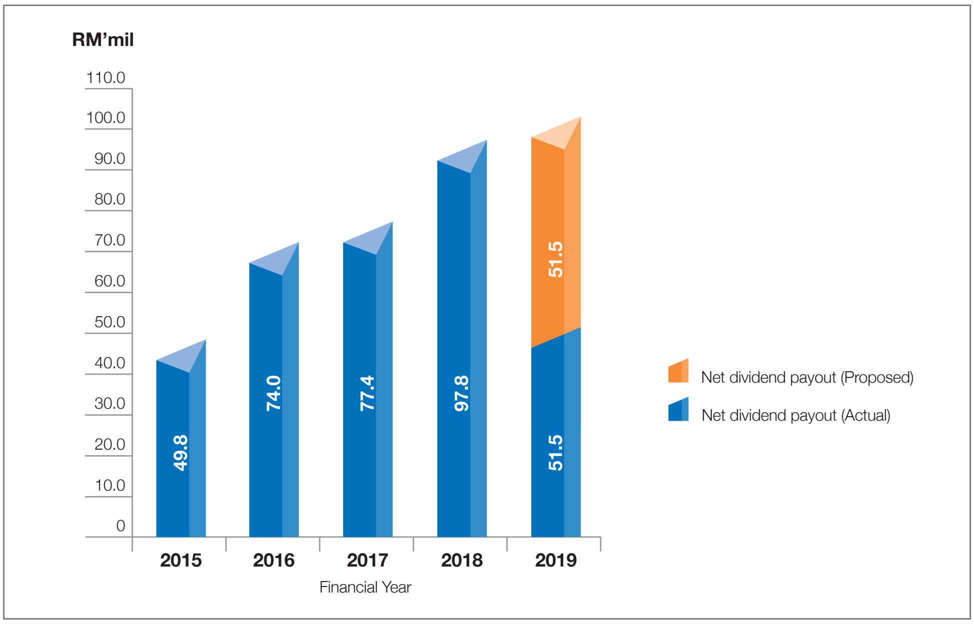
Total net cash used in financing activities was RM173.0 million in FY2019 mainly due to the dividend payment to shareholders of the Company and repayment of bank borrowings and finance cost.

The net borrowing position of the Group for FY2019 stood at RM716.2 million with net gearing ratio of 0.32 times.

Description	FY2019 RM'000	FY2018 RM'000 (Restated)
Net debt	716,170	761,995
Equity attributable to owners of the Company	2,225,018	1,749,605
Net gearing ratio (times)	0.32	0.44

The Board has declared a single tier interim dividend of 10 sen per ordinary share with dividend payout of RM51.5 million which has been paid on 23 July 2019. In view of the overall performance of FY2019, the Board is pleased to recommend a single tier final dividend of 10 sen per ordinary share, subject to the shareholders' approval at the forthcoming Annual General Meeting.

Hence, total dividends in respect of FY2019 amount to 20 sen per ordinary share or RM103.1 million which comprises 30.9% of net profit of FY2019. The Group is committed to enhance shareholder value by delivering satisfactory results in the coming financial year and maintaining the Group's dividend payout policy of at least 30% of its net profit to shareholders annually.



MANUFACTURING DIVISION

FY2019 has been a busy yet productive year for the manufacturing division upon the completion of acquisition of subsidiary under the Company, namely Daibochi with 61.89% stake in April 2019. Subsequently, Daibochi acquired Mega with 100% stake and the acquisition was completed in August 2019. The acquisitions have no doubt opened up Scientex's reach to brand owners both locally as well as abroad. It is worth noting that Scientex has expanded its production facilities to Yangon, Myanmar through Daibochi, making up a total of 19 manufacturing plants located in Malaysia, Vietnam, Myanmar and the United States of America ("US"). With the integration of Daibochi and Mega, the Group's manufacturing division has expanded its products segment from 3 main categories of stretch film, custom film and specialty products to the latest 4th category which is known as converting.

State-of-the-art in-line cast machine

Under the stretch film segment, Scientex continues to be ranked as one of the world's top producers of stretch film which is part of our flexible plastic packaging ("FPP") products. Besides having the largest stretch film manufacturing facility in a single location situated in Pulau Indah, Selangor ("Pulau Indah plant"), Scientex has expanded its stretch film business by setting up its first offshore plant in Phoenix, Arizona, US ("Phoenix plant") since FY2017 to cater for the North America market. Stretch film is a highly stretchable plastic film made of polyethylene and is largely used in the logistic industry for pallet wrapping. Our 6 microns down gauging thin films are produced by the latest extrusion technology in a single process with nano layer film structure. Scientex will continue to innovate to produce more cost efficient and recyclable stretch film in line with Scientex's sustainability efforts.

Phoenix plant in the United States of America

Manufacturing Division | Management Discussion and Analysis

For the financial year under review, Scientex has added a new cast line in Phoenix plant to increase its annual production capacity to 45,000MT in order to serve the available market demand through capacity expansion. On the other hand, Scientex has also maintained its manufacturing of blown stretch film and coloured stretch film through one of its subsidiaries to cater for the demand in different stretch film segment both locally as well as abroad.

Stretch film segment is operating based on a low cost volume centric by increasing automation in production coupled with efficient planning right from the procurement of raw material to delivery to improve efficiency. Moving forward, the stretch film segment will continue to penetrate new markets in order to capture more global market share.

Our custom film segment will continue to capitalise on its core strengths and focus on niche markets for food and beverages, collaborating with our customers such as converters and multinational corporations ("MNCs") to develop and provide sustainable packaging solutions. Through optimisation of its capacity utilisation, we strive to keep pace with the fast changing global packaging trends especially the shift from conventional rigid packaging towards FPP due to the convenience and global sustainability requirements.

Latest blown film extrusion technology

FPP continues to grow as it meets the fast-growing trends in the global packaging industry driven by e-commerce and the burgeoning demand for convenient packaging. Based on the publication by Technavio entitled 2015-2019 Global Flexible Plastic Packaging Market, the global market for FPP is estimated to reach USD200 billion by 2019.

Wicketed bread bag machine

FPP also involves various types of plastic film materials depending upon its applications. It includes without limitation polyethylene ("PE") lamination film, collation shrink film, PE barrier film, bi-axially oriented polypropylene ("BOPP") film, cast polypropylene ("CPP") film and metallised CPP film. These plastic film materials are produced by the designated manufacturing facilities of Scientex across the Peninsular Malaysia. The Group operates in multiple plants which are specifically equipped with specialised capabilities in specific product segments. For instance, our Rawang plant is the largest wicketed bread bags producer in Southeast Asia with annual production capacity of 1 billion pieces of wicketed bread bag. It is also the largest producer of lamination base film in Malaysia. It is noteworthy that our Rawang plant has the largest flexographic printing in Malaysia, utilising the latest Central Impression Drum technology which provides excellent print registration on thin gauge PE film as well as high definition ("HD") printing capability.

Automation to improve efficiency

In this highly competitive FPP industry, research and development on sustainable packaging solutions remains the crux of our business strategy. Besides producing the aforesaid plastic film materials, our custom film segment also turns the plastic film materials into industrial-based as well as consumer-based FPP products. We produce industrial-based FPP products such as heavy duty sacks which cater to the petrochemical market, stretch hood, shrink hood, agricultural film and flexitank tubing to cater to various industry demands. On the other hand, our consumer-based FPP products include wicketed bread bags and hygiene packaging products to cater towards wide ranging applications across various industries. As part of our sustainable business plan, we also work closely with our customers to customise and improve FPP components for the food packaging segment and other functional uses such as anti-fog, heat sealable and high barrier to meet the demands of both our customers as well as the market trends.

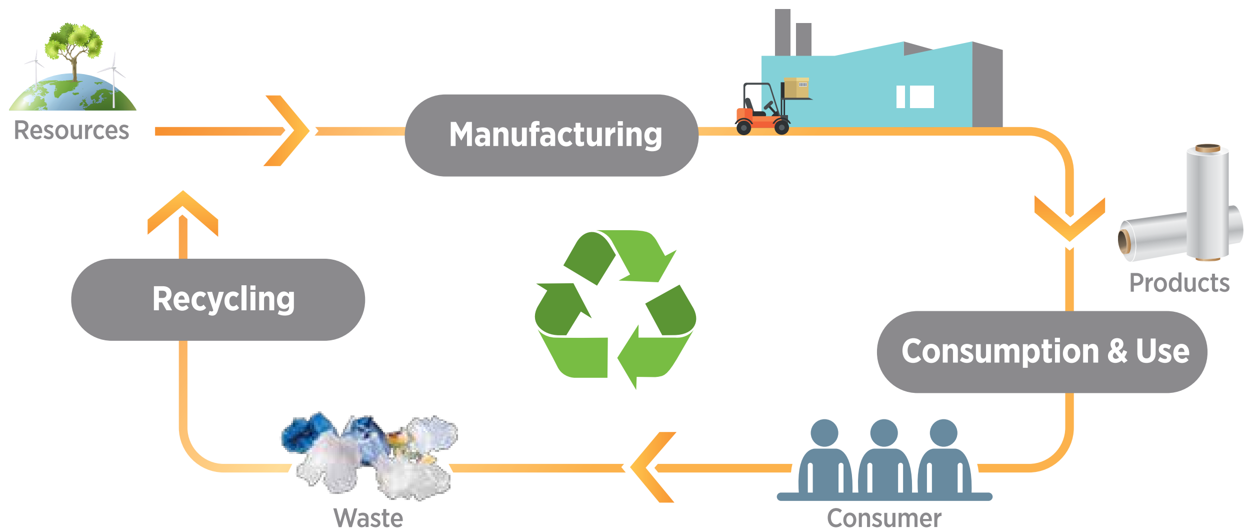
Our specialty products segment largely leverages on the joint ventures with international partners through the transfer of skills and technology which enables Scientex to move towards producing high technology products that meets global market demands.

Currently, the products under this segment include raffia, FIBC bags, automotive based polymer products used for vehicle's interior and upholstery and solar encapsulant films. Our specialty products segment also includes polyurethane ("PU") adhesives which are an important element for lamination processes and polypropylene ("PP") strapping band which is largely used for palletisation, packaging and sealing goods for the logistic industry.

Following the integration of Daibochi and Mega under the converting segment of Scientex, the Group has further diversified its product portfolio with increased product differentiation. The newly diversified products include various types of FPP for food and beverage, fast-moving consumer goods and specialty packaging.

Moving forward, both Daibochi and Mega will continue to focus on its core strengths and competency of converting. The converting segment will position Scientex as one of the very few FPP players that is capable of participating in the circular economy through its sustainable recycling efforts. Scientex continues to collaborate with MNCs and international brand owners to innovate and develop high quality sustainable and recyclable FPP solutions which would better serve the need of the changing market yet addressing rising environmental concerns.

CIRCULAR ECONOMY



With synergistic advantages within the enlarged Scientex, Scientex is able to leverage the strengths, capabilities and technical expertise within the 4 categories of product segments to meet the demands of end users and the ever-changing market trends for stretch film, FPP products and specialty products. With that, Scientex will be well positioned to further increase its market presence and expand its market share globally.

PROPERTY DIVISION

Total Completed Units:

20,172 units

(up to FY2019)

Total Completed Affordable Homes Units:

18,543 units

(up to FY2019)

Targeted Affordable Homes Units by 2028:

50,000 units

Scientex is one of the nation's leading developers of affordable properties with a track record dating back to 1995 when Scientex first set up its property division. With the continuing expansion in terms of its landbanks as well as its geographical footprint, Scientex is proud to have established its presence from Johor, Melaka, Perak, Selangor and now in Penang. Scientex has acquired 3,797.1 acres of landbanks up to the financial year under review and out of the total landbanks, there are 504.0 acres of landbanks pending sale and purchase completion. The details of the sale and purchase transactions are stated hereinafter. Upon completion, Scientex will have a total of 19 developments across Peninsular Malaysia with an estimated gross development value ("GDV") of RM22.0 billion.

Apart from being an acknowledged developer of affordable yet quality homes, Scientex has also diversified its range of products to include lifestyle homes, high rise condominiums, commercial and industrial properties whilst maintaining its key focus on affordable residential properties. In support of the various state governments' efforts to make affordable homes a reality to the nation, Scientex has targeted to complete 50,000 units of affordable homes by 2028. As of this financial year, Scientex has completed 18,543 units of affordable homes.

JOHOR

Projects	Completed Units up to FY2019	On-going Construction (Units)	Development Status	Types of Properties
Pasir Gudang	10,989	348	On-going	Self-contained integrated township with residential properties comprising Rumah Mampu Biaya* B, Rumah Mampu Biaya* C, 1 storey terrace house, 2 storey terrace house, 2 storey cluster house, commercial properties comprising 1 storey medium cost shop, 2 storey shop, 3 storey shop and industrial properties comprising 1.5 storey shop factory, 2.5 storey shop factory and detached factory
Kulai	1,757	24	On-going	2 storey terrace house, 2 storey semi-detached house, Rumah Mampu Biaya* B, 2 storey shop office and 3 storey strata shop office
Skudai	2,240	–	On-going	Self-integrated township with mixed development of residential homes and commercial properties such as 3 storey shop office, retail shop, 2 storey cluster house, 2 1/2 storey terrace house, 2 1/2 storey cluster house, 3 storey cluster house, 3 storey semi-detached house, serviced apartment and Rumah Mampu Biaya* B

Projects	Completed Units up to FY2019	On-going Construction (Units)	Development Status	Types of Properties
Senai	1,681	551	On-going	Rumah Mampu Biaya* C (Townhouse), 2 storey terrace house with mezzanine floor, 2 storey terrace house, 2 storey shop office, 1 storey cluster and semi-detached factory with mezzanine floor and medium cost shop
Kulai 2	448	–	On-going	2 storey cluster house, 2 storey detached house, 2 storey terrace house and Rumah Mampu Biaya* C (Townhouse)
E'Roca Hills	164	70	On-going	2 storey zero lot bungalow, 2 storey semi-detached house, 2 storey bungalow and bungalow land
Pulai	1,247	1,816	On-going	2 storey shop office, 2 storey terrace house, 3 storey terrace house, 2 storey cluster house, Rumah Mampu Biaya* B and Rumah Mampu Biaya* C
Senai 2	–	774	On-going	2 storey terrace house, 3 storey terrace house, 3 storey shop office, Rumah Mampu Biaya* B, Rumah Mampu Biaya* C and 1 storey medium cost shop
Amber Land	–	–	Under planning	2 storey terrace house, 3 storey terrace house, 2 storey cluster house, 2 storey shop office, 1 storey medium cost shop, Rumah Mampu Biaya* B and Rumah Mampu Biaya* C

**Rumah Mampu Biaya is formerly known as Rumah Mampu Milik Johor ("RMMJ").*

Property Division | Management Discussion and Analysis

As a general overview for Johor, Scientex has developed and maintained on-going developments in Johor for the financial year under review. Our key developments in Johor for FY2019 are as follows:

(i) Taman Pulai Mutiara is one of the signature developments in Pulai. It offers 326.0 acres of prime freehold land strategically located in the heart of Pulai and Gelang Patah with ready built infrastructure providing excellent connectivity and access to Second Link Expressway which is linked to Singapore. Taman Pulai Mutiara is well poised to become an up and coming integrated township encompassing mixed development complete with self-contained amenities.

For the financial year under review, Taman Pulai Mutiara launched 6 new phases of residential houses comprising 1,339 units in total with a GDV of RM412.0 million. In view of the resilient demand in affordable housing, 449 units of 2 storey terrace house named “Jasmine” and “Camellia” priced below RM500,000 has recorded a 100% take-up rate for non-bumi units. Our 2 storey cluster houses known as “Lavender” with starting price from RM448,800 has received good response from buyers and all the non-bumi units have been sold out.

Camellia – 2 Storey Terrace House

Lavender – 2 Storey Cluster House

In support of the affordable housing strategy initiated by Johor State Government, Taman Pulai Mutiara launched 570 units of Rumah Mampu Biaya C with 2 balloting events held on 27 April 2019 and 4 May 2019 respectively. More than 1,000 eligible candidates attended the balloting events.

Rumah Mampu Biaya C

Balloting Event which held on 4 May 2019 at Persada Johor

The balloting event held on 4 May 2019 at Persada Johor was officiated by YB Tuan Sr. Dzulkefly Bin Ahmad (Pengerusi Jawatankuasa Perumahan, Komunikasi dan Multimedia, Johor) whom was accompanied by Tuan Hj Mohd Radzi Bin Hj Mohd Amin (Setiausaha Bahagian, Pejabat Setiausaha Kerajaan Johor, Bahagian Perumahan). To date, Rumah Mampu Biaya C has recorded a take-up rate of 70%.

Property Division | Management Discussion and Analysis

During FY2019, Taman Pulai Mutiara completed 785 units properties priced below RM500,000. In view of the overwhelming response from the general public and to achieve Scientex's vision to complete 50,000 units of affordable homes by 2028, Taman Pulai Mutiara strives to maintain its sales momentum for the next financial year. The sales momentum is backed by 4 launches in the pipeline which comprises a total of 1,279 units out of which, 614 units of Rumah Mampu Biaya B are priced at RM80,000 and 420 units of Rumah Mampu Biaya C are priced at RM150,000.

(ii) Taman Scientex Utama is one of our mixed developments in Senai which spreads across 121.2 acres of freehold land located right next to the North-South Expressway and Senai Highway. This prestigious development marks the beginning of another highly sought after development for Scientex in a rapidly growing area. With excellent road frontage connected to access and linkage to all major highways and arterial roads, the travel distance to the Second Link Expressway via Senai Interchange and to Johor Bahru City is only 20km and 25km respectively. Taman Scientex Utama is surrounded by established amenities such as well-known educational institutions, Senai International Airport, shops and shopping malls.

In order to cater for the increasing demand for landed properties within the vicinity, 195 units of 3 storey terrace house named "Iris" was launched in April 2019 and recorded a 85% take-up rate for the financial year under review. For its commercial segment, Taman Scientex Utama has also launched 69 units of 3 storey shop office which are known as "Senai Avenue" in January 2019 and achieved a take-up rate of 85% in FY2019 for non-bumi units. Moving forward, Scientex is planning to launch its second phase of 3 storey shop offices in October 2019 comprising 29 units.

Senai Avenue – 3 Storey Shop Office

(iii) Taman Scientex Pasir Gudang is our pioneer development project undertaken by our property division since 1995. There are some remaining pocket sized landbanks available for our upcoming launches for the coming financial year. The upcoming launches comprising 96 units of Rumah Mampu Biaya C and 17 units of Rumah Mampu Biaya B. On the other hand, Scientex Pasir Gudang handed-over vacant possession of 308 units Rumah Mampu Biaya C and 46 units of 2 and 3 storey shops (consisting 2 units of 3 storey shop and 44 units of 2 storey shop) to the buyers in the current financial year.

(iv) Taman Scientex Senai launched 502 units Rumah Mampu Biaya C (Townhouse) and 49 units 2 storey shop office in FY2018. These units are still under construction for the financial year under review and delivery of vacant possession to the buyers is expected in the coming financial year.

MELAKA

Projects	Completed Units up to FY2019	On-going Construction (Units)	Development Status	Types of Properties
Ayer Keroh	1,320	–	On-going	Service apartment, 2 storey terrace house, 2.5 storey terrace house, 2 storey shop office, 3 storey shop office, 1 storey semi-detached house and 2 storey semi-detached house
Durian Tunggal	–	1,603	On-going	2 storey terrace house, 2 storey Rumah Mampu Milik terrace house, 2 storey Rumah Belia Melaka terrace house, 2 storey low medium cost terrace house ("Rumah Harapan Melaka") and 2 storey shop lot
Durian Tunggal 2	–	–	Under planning	Integrated township development including 2 storey terrace house, 2 storey Rumah Mampu Milik terrace house, 2 storey Rumah Belia Melaka terrace house, 2 storey low medium cost terrace house ("Rumah Harapan Melaka") and 2 storey shop lot

With the completion of several phases in Taman Muzzafar Heights (Ayer Keroh), Scientex has built a solid reputation and instilled public confidence in the market place as a developer of quality homes in Melaka. Leveraging on this, Scientex had in April 2019 acquired a landbank measuring 208.9 acres fronting its existing Scientex Durian Tunggal development. Scientex has further expanded its landbanks by acquiring another landbank in Jasin measuring approximately 157.8 acres and the acquisition is estimated to be completed by first half of 2020.

The take-up trend of Scientex Durian Tunggal has been positive since its first launch of Taman Scientex Durian Tunggal back in November 2017 followed by the launch of its first Rumah Mampu Milik ("RMM") housing scheme during FY2018 where both launches received overwhelming response from the locals. It is noteworthy that the latter launch had achieved a 100% take-up rate.

For the financial year under review, Scientex Durian Tunggal has launched the first ever special housing scheme in Malaysia known as Rumah Belia Melaka ("RBM"). RBM was introduced by the State Government of Melaka, undertaken by the Department of Youth and Sports Melaka in joint collaboration with Melaka State Exco (Communications, Multimedia, NGO, Youth & Sports) and supported by the Melaka Housing Board together with Scientex as developer.

The launching ceremony was held on 22 March 2019 and was officiated by the Ketua Menteri Melaka, YAB Tuan Adly Bin Zahari accompanied by Timbalan Menteri Belia dan Sukan, YB Tuan Steven Sim Chee Keong.

Launching Ceremony of RBM

Rumah Belia Melaka

The RBM scheme features 104 units of 2 storey terrace house with an estimated GDV of RM17.5 million and has recorded a take up rate of 90%. The RBM scheme was launched to support the mission of the Government of Melaka to supply more affordable homes to the B40 group which involves youth ranging from 18 to 35 years old.

Apart from the RBM scheme, Scientex Durian Tunggal had also successfully launched 3 phases with a total of 839 units of 2 storey terrace house up to the financial year under review. All the launches received a good response with an average take-up rate of 85%. The positive results are attributable to buyers' acknowledgment of our affordably priced properties yet preserving the design and layout of the buildings for practical purposes.

Moving forward, Scientex Durian Tunggal will continue to launch its balance phases comprising 900 units of 2 storey terrace house, RMM, RBM, low medium cost house and shop office. Besides the new launches, 660 units of 2 storey terrace house from earlier launches are expected to be completed and handed-over to buyers in stages.

In view of the resilient demand within the affordable housing segment, Scientex Durian Tunggal is expected to present another set of positive results for the coming financial year.

PERAK

Projects	Completed Units up to FY2019	On-going Construction (Units)	Development Status	Types of Properties
Klebang	118	–	Completed	2 storey terrace house and 2 storey semi-detached house
Meru	208	348	On-going	Link terrace house, semi-detached house and condominium
Meru 2 & 3	–	699	On-going	Township developments with terrace house, Rumah Mampu Milik ("RMM"), apartment and 2 storey cluster home

Scientex Klebang was completed in FY2018 and currently, Scientex is developing 2 projects in Perak namely, Scientex Meru and Scientex Meru 2. Scientex Meru 2 is situated on a piece of land measuring 55.0 acres with easy accessibility to the North-South Highway within minutes. For the financial year under review, the second phase comprising 176 units of RMM priced at RM188,000 with a total GDV of RM33.1 million has been successfully launched in December 2018 and achieved 100% take-up rate. Following the successful launch of RMM, Scientex Meru 2 launched its third phase in July 2019 comprising 288 units of 2 storey terrace house named "Cosmos" and RMM with an estimated GDV of RM88.1 million.

Cosmos – Street View of 2 Storey Terrace House

Cosmos – 2 Storey Terrace House

Property Division | Management Discussion and Analysis

SELANGOR

Projects	Completed Units up to FY2019	On-going Construction (Units)	Development Status	Types of Properties
Rawang	–	210	On-going	Rumah Selangorku apartment ("RSKU"), terrace house, semi-detached house and condominium

Scientex Rawang spreads over 65.3 acres of prime freehold land. It is situated near Rawang town in close proximity to mature neighbourhood and amenities such as AEON Rawang Shopping Mall, KPJ Rawang Specialist Hospital and others such as integrated transportation, education and commercial hubs. Scientex Rawang marks the maiden entry of Scientex into the state of Selangor being the central region of Peninsular Malaysia.

Currently, Scientex Rawang is developing 210 units of residential properties under Phase 1. For the financial year under review, Scientex Rawang has launched Phase 1 comprising 140 units of terrace house priced from RM488,000 and 70 units of semi-detached house priced from RM688,000 with a total estimated GDV of RM120.0 million. Leveraging on both its' excellent location (i.e. less than 3km to Rawang Toll Plaza) and affordable selling prices, Phase 1 has achieved a take-up rate of 98% as of FY2019.

Grand Opening Event in February 2019

Master Plan of Scientex Rawang

With the overwhelming response of Phase 1, Scientex is planning to launch its Phase 2 which consists of both terrace houses and semi-detached houses within a gated and guarded community by early 2020. During FY2019, Scientex further acquired landbanks measuring approximately 166.5 acres situated in Kundang Jaya (close to Kundang town) to further expand its existing landbanks in Selangor. The acquisition is expected to be completed by first half of 2020.

PENANG

Scientex has expanded its footprint by acquiring six parcels of freehold land measuring a total of 179.7 acres located in Tasek Gelugor, District of Seberang Perai Utara, State of Penang for a total cash consideration of RM109.6 million. The acquisition is estimated to be completed by first half of 2020.

The said land, adjacent to Taman Sepadu, is easily accessible from Butterworth, Kepala Batas and Padang Serai. Further, the said land is nearby Tasek Gelugor Keretapi Tanah Melayu (KTM) station, with accessibility to the North-South Expressway at approximately 9km in distance.

Aligning to the Group's Vision to build 50,000 affordable homes throughout the nation by 2028, Scientex intends to offer a total of 2,220 units of 2 storey terrace house with targeted price range below RM500,000 upon the completion of acquisition. Apart from affordable homes, commercial properties will also be offered.

ANTICIPATED OR KNOWN RISKS

MANUFACTURING

Knowing the market risks and market challenges in which the Group is operating in is crucial to our sustainable business growth and risk management. Therefore, the Group adopts the practice of risk identification, assessment and management. The Group remains vigilant to fluctuation in raw material prices as well as currency exchange rates which could have a material impact on the Company's performance.

An adequate and effective raw material supply chain management is important in order for smooth and efficient production planning for the manufacturing division. Constant monitoring of raw material supply and price fluctuations will ensure that selling prices of our products are linked to real time prevailing resin prices.

On the other hand, financial risks include foreign exchange currency risk, interest rate risk and availability of funds to support our business needs. Our functional and reporting currency is in Malaysian Ringgit ("MYR") and for FY2019, about 71% of the manufacturing sales are denominated in United States Dollar ("USD") and the Group adopts natural hedging of transactions in the form of USD based purchases to minimise foreign exchange exposure.

The Group has also obtained working capital with borrowings denominated in foreign currency mainly in USD to balance up the position. In order to better manage the interest rate risk, the Group manages its bank borrowings by having a combination of MYR, USD and Yen borrowings.

PROPERTY

The Group remains cautiously optimistic on its property development business which could be affected by the overall weak property market sentiment. Our property division continues to focus on its strength in building affordable housing priced below RM500,000 as demand for such affordable homes remains resilient especially from the young and growing population.

Housing has become increasingly more expensive and out of reach for the masses due to rising costs including but not limited to landbanks, construction labour supply, construction materials and necessary regulatory compliance. The Group has put in place bulk purchase policy and products standardisation by adopting the Industrialised Building System (IBS) as part of its construction methods which is designed to mitigate the increasing costs of construction, reduce construction wastage and speedier handing over whilst synchronising with our competitive edge of Speed, Cost and Quality.

Landbank concentration poses a risk to us as a property developer. Each of the states formulate its own policy on land related matters which will eventually impact the supply and demand of property products in the respective states. We manage the concentration risk through "cross boundary" strategy i.e. to acquire landbanks across the Peninsular Malaysia to diversify the concentration risk. These actions can be seen through our geographical expansion over the years. Moreover, we are selective on the acquisition of landbanks and it must fit into our value proposition in order to maintain our competitive advantage in marketing and building affordable housing.

FORWARD LOOKING STATEMENT

With the growth in manufacturing division which is supported by 19 manufacturing plants, Scientex has engaged in capacity expansion plans to meet the ever-growing demands from the global market including but not limited to increasing utilisation rates, improving efficiency through automation, building on synergies across the product segments as well as innovating towards the Group's sustainability efforts in offering down gauging products, enhanced FPP products to preserve the shelf-life of edible packed products as well as reducing edible wastage and utilising recycled materials. As far as the long-term manufacturing business plan is concerned, the Group will continue to explore merger and acquisition opportunities within and outside Malaysia whilst promoting an organic growth in its existing businesses.

As for the property division, it remains focused on affordable housing developments to cater to the growing demand for affordable homes priced below RM500,000. In order to maintain a sustainable growth strategy, the Group will continue to explore new landbanks to sustain its continuing developments as the Group targets to complete 50,000 affordable homes across the nation by 2028. To further support the Group's target, the property division is also exploring geographical landbank expansion as well as landbank acquisition to other regions such as the east coast of Peninsular Malaysia.

INVESTOR RELATIONS

Scientex is dedicated towards maintaining timely and accurate communication to our shareholders and the broader investment community, including institutional investors, analysts, corporate and financial media.

In the interest of promoting quality data to enable decision making by our stakeholders, we maintained the practice of providing information spanning operational and financial performance, corporate strategy and outlook. Scientex's management also continued to regularly engage with the investing community via corporate meetings, conference calls and investor briefings.

Information Disclosure

Scientex Website and Investor Relations Page

- Latest information on our businesses and related operating data are made available through our corporate website at www.scientex.com.my.

  We also aim to provide the investing community with ease of access to relevant information via a dedicated Investor Relations section on the Scientex website. The section contains our annual and quarterly financial reports, corporate presentations, media releases, analyst reports and regulatory disclosures.

Bursa Malaysia Securities Berhad ("Bursa")

- Scientex ensures all material announcements are made to Bursa in accordance with listing regulations. Latest disclosures are available at www.bursamalaysia.com.

Analyst Coverage

Scientex is covered by five equity research firms as at 31 July 2019. These firms have published reports on Scientex containing analysis of our financial results, corporate developments and business outlook.

Our Sustainability Statement

About this Report [102-1, 102-50, 102-52]

Scientex Berhad (hereinafter referred to as "Scientex", the "Group" or the "Company") is proud to present our Sustainability Statement for the financial year from 1 August 2018 to 31 July 2019 ("FY2019"). In this statement, we present our commitment to sustainability, which ensures a balanced optimisation of business performance, environmental stewardship and commitment to our people and the society.

Scope of Reporting [102-2, 102-4, 102-6]

The scope of reporting extends to the activities of the Group's operations and its subsidiaries, which includes manufacturing plants and property development. The statement discloses our economic, environmental and social ("EES") opportunities and risks and highlights our approach to managing them.

For purposes of reporting, we have selected the following specific business operations to report on material sustainability matters that are most relevant to them:

Manufacturing Division

1. **Pulau Indah Plant, Selangor ("SPF-PI")**
2. **Rawang Plant, Selangor ("SGW-Rawang")**
3. **BOPP Plant, Pulau Indah, Selangor ("BOPP-PI")**
4. **Sg. Siput Plant, Perak ("SGW-Ipoh")**

Property Division

1. **Scientex Pulai, Johor**
2. **Scientex Durian Tunggal, Melaka**

102-1: Name of organisation
102-2: Activities, brands, products, and services
102-4: Location of operations
102-6: Market served
102-50: Reporting period
102-52: Reporting cycle

Our Sustainability Statement

Scientex's Business Operation	Applicable Material Sustainability Matters
Group Level	• Ethics and Integrity • Anti-Corruption • Economic Performance • Market Presence • Energy • Employee and Turnover Retention • Diversity and Equal Opportunity • Local Communities
Manufacturing Division	
SPF-PI	• Product Innovation • Materials Consumption • Energy • Waste Management
SGW-Rawang	• Procurement and Supply Chain • Product Innovation • Product Quality and Assurance • Occupational Health and Safety • Capacity Building
BOPP-PI	• Water and Effluent Management • Environmental Compliance
SGW-Ipoh	• Product Quality and Assurance (Awards)
Property Division	
Scientex Pulai, Johor Scientex Durian Tunggal, Melaka	• Procurement and Supply Chain • Product Quality and Assurance • Occupational Health and Safety

Reporting Framework [102-54]

In this report, we have presented the disclosures consistent with the Global Reporting Initiative ("GRI") Standards. The relevant GRI indicator numbers are specified in parenthesis next to the corresponding material sustainability matters. The denotation for each indicator number is disclosed at the end of each page. The sustainability reporting requirements by Bursa Malaysia Securities Berhad have been highlighted in this statement, which reflect our commitment to sustainability and stakeholders.

Feedback [102-53]

This report is contained in our Annual Report and accessible at www.scientex.com.my/financial-reports/. You may contact the following personnel should you have further queries on our sustainability achievements and programmes by directing the same to info@scientex.com.my:

Chew Yew Kwong
(General Manager Corporate Communications)
Phone: 03-5524 8888

Joey Wong
(Legal Manager)
Phone: 03-5524 8888

102-53: Contact point for questions regarding the report
102-54: Claims of reporting in accordance with the GRI Standards

About our Company

Scientex has an outstanding corporate presence in Malaysia which has grown significantly for more than 50 years. Scientex is an established and diversified company that is continuously breaking new ground in its primary businesses of manufacturing and property development. Scientex is known as one of the world's largest producers of industrial stretch film along with producers of other industrial and consumer-based flexible plastic packaging ("FPP") products. Additionally, we are also recognised as a reputable property developer of affordable, yet high quality properties with an established presence in the states of Johor, Melaka, Selangor, and Perak.

Our Vision

We endeavour to achieve excellent innovation and good business performance in a sustainable manner. This is an intended positive aspiration of Scientex to become a RM10 billion company and completion of 50,000 affordable homes.

Our Operation

[102-2, 102-6]

Our manufacturing division is one of the leading producers of stretch film and other FPP products. We are dedicated to upholding our strong position in the market as well as continuing a culture of innovation and practicing sustainable businesses. In this sustainability statement, Scientex's focus area in the manufacturing division includes SPF-PI (stretch film) and BOPP-PI (bi-axially oriented polypropylene – BOPP film), SGW-Rawang (custom-made film) and SGW-Ipoh (consumer-based hygiene packaging).

For the property division, we focus on providing quality affordable homes to our buyers. The main focus area is on the current development projects namely Scientex Pulai in Johor and Scientex Durian Tunggal in Melaka.

102-2: Activities, brands, products, and services
102-6: Markets served

Our Sustainability Statement

SPF-PI

We are ranked as one of the world's top producers of stretch film and holds the distinction of having the largest stretch film manufacturing facility in a single location in Pulau Indah, Selangor.

SGW-Rawang

We are an established manufacturer of consumer packaging products with a presence in both the domestic and international markets and known as the largest wicketed bread bag supplier in Southeast Asia, a leading supplier of lamination based film in Malaysia and one of the very few suppliers of 9 layered barrier film in the region.

BOPP-PI

We formed a strategic alliance with Futamura Chemical Co., Ltd ("Futamura"), a world-class leading producer of BOPP film and other film products in Japan.

SGW-Ipoh

We focus on consumer-based hygiene packaging which requires high quality printing. This plant has achieved SMETA (Sedex Members Ethical Trade Audit) Social Compliance Certification and won the Awards in the Asian Packaging Excellence Awards for FY2018 and FY2019. We continue to improve our printing quality and capabilities by moving towards High Definition ("HD") printing to better serve our customer.

Scientex Pulai, Johor

Scientex Pulai is strategically located in the heart of Pulai and Gelang Patah and will soon become an integrated township encompassing mixed development complete with self-contained facilities.

Scientex Durian Tunggal, Melaka

Scientex Durian Tunggal has launched its first Rumah Mampu Milik ("RMM") housing scheme in FY2018, and for FY2019, it has launched the first special housing scheme of Rumah Belia Melaka ("RBM") to target B40 group which will benefit individuals who aged between 18 to 35 years old. We are committed to provide and cater to the high demand for reasonably priced homes and Scientex Durian Tunggal is expected to become a new integrated township that would be a leading development in Melaka.

Membership of Associations [102-13]

We believe in collaborating with professional bodies, industry peers and local organisations to enable knowledge transfer, sharing and receiving common benefits. We maintain close links to a number of professional, industry, national and international organisations.

Scientex is a member of the following associations:

- Malaysia Plastics Manufacturers Association ("MPMA"),
- Malaysia Employers Federation ("MEF"),
- Federation of Malaysian Manufacturers ("FMM"), and
- Real Estate and Housing Developers' Association ("REHDA") Malaysia.

Awards

Scientex continues to be recognised for its efforts to uphold excellence in good quality packaging solutions. In FY2019, we received two awards for our manufacturing division, listed below:

- Asian Packaging Excellence Awards – Gold – Wide Web Flexo
- Asian Packaging Excellence Awards – Bronze – Mid Web Flexo

The Asian Packaging Excellence Awards recognise the best packaging production company within the Asian region. The winner of the award is assessed against a set of pre-established criteria by an independent jury comprising industry experts. Our SGW-Ipoh operation was awarded with the Gold (Wide Web Flexo) and Bronze (Mid Web Flexo) awards respectively for our excellence in the aspects of print quality and customer satisfaction. We are the only flexographic printer in Malaysia that applies the HD printing on flexographic. We keep abreast to ensure that our products use the HD print and we continuously improve our efforts in the innovation of our manufacturing processes.

102-13: Membership of associations

A message from the Managing Director

It is a great pleasure to present our Sustainability Statement for FY2019. We have been in business for 51 years as of 2019 and are proud to be recognised as one of the leading and model corporations in Malaysia. We acknowledge the value of integrating the culture of sustainability throughout the Group, together with the elements of sustainable development in our operations and establishing firm relationships based on trust with our stakeholders.

Our focus is clear – to persistently meet our vision of being a conscientious company committed to achieve excellent innovation and good business performance in a sustainable manner. We concentrate on product quality, employee well-being, customer satisfaction, fair business operating with partners and responsibility towards the communities and environment in and around our manufacturing plants and property developments. This year we have aligned the contents with the guidelines in Bursa Malaysia 2nd Edition of the Sustainability Reporting Guide and Toolkits and strengthened our sustainability reporting quality by adopting the latest GRI Standards. By doing so, our statement is structured and focused, with standardised disclosures that can be benchmarked against our local industry peers and global market leaders.

To ensure continuous improvement towards sustainability, we address our entire value chain extending from raw material procurement, manufacturing, product innovation, property development, to customer satisfaction. We focus on monitoring our environmental footprint in terms of material consumption, energy and waste management. As a plastic manufacturer, we have a responsibility to address these issues by improving the quality of our packaging applications and products to ensure that it serves its intended purpose. As a reputable FPP producer, our products are also used in the packaging of food and/or food related products. The global trend towards convenience food packaging brings forth new challenges to address the issues of freshness and durability of the food packaging. Our on-going collaboration with stakeholders to develop new and innovative packaging solutions are part of our efforts to provide protection and prolongation of the shelf life of the food. This will certainly go a long way towards reducing food wastage and unnecessary wastage of precious resources.

Even as we make a conscious effort to reduce wastage and the use of resources as part of our overall effort to protect the environment, our stretch films and other products such as strapping bands and raffia continue to play an effective role in the facilitation of global trade. Our recyclable products are mainly deployed and used in the warehousing, transportation and logistics industry. These cost competitive products are used extensively in the unitisation and safe transportation of a wide variety of goods in a convenient, secure and efficient manner without inflicting high packaging costs and creating an adverse impact on the environment due to its recyclable nature.

We recognise that plastic littering has become one of the major global problems and it is also affecting Malaysia. One of our social commitment is to work with local community to conduct marine clean-up and recycling waste programmes and campaigns to promote circular economy. We are working closely with our stakeholders in providing recyclable solutions in line with the global sustainability agenda.

As a Group, we recognise our responsibility to make our operations sustainable. This report highlights our progress over the past year, including our efforts to focus on practices that reduce our production waste and environmental footprint.

On the property front, we have been providing affordable housing to the community for more than 20 years. We want to achieve our aspiration for the next 9-years by looking to complete 50,000 affordable homes by 2028. We remain conscious of our social responsibility and supportive of the Government's policy to ensure that our homes remain truly affordable by keeping our construction costs under control with the adoption of industrialised building systems, efficient planning and usage of land area and other measures to keep our selling prices and products within the reach of our fellow citizens, particularly those in the B40 and M40 income segments.

As an employer, we are also committed to having a diverse workforce and we strive to continuously provide a conducive platform to our employees for their career growth and well-being.

On behalf of our Group, we thank you for the continuous support and concern in the Group's achievements and we hope to continue to provide good quality products and affordable homes while promoting sustainability.

LIM PENG JIN
Managing Director

Our Contribution Towards Sustainable Development

The Agenda 2030 for Sustainable Development, launched in 2015, is a comprehensive blueprint developed by United Nations ("UN") for sustainable development aimed towards a better and sustainable future for all. The agenda is built on the principles of 17 Sustainable Development Goals ("SDGs"). All the goals are set with targets to be achieved globally by 2030.

We have aligned ourselves with 4 out of 17 UN SDGs to support the initiatives by the Government of Malaysia, through our operations. We support the goals through socio-economic enhancement of our society (SDG 8), innovative product safety and practices that alleviate negative operational impact that contribute towards sustainable cities (SDG 9 and 11) and contribute towards responsible consumption and production (SDG 12).

SCIENTEX'S UN SDGS FOCUS AREAS

8 DECENT WORK AND ECONOMIC GROWTH	**Promote inclusive and productive employment and decent work for all**
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Promote inclusive and sustainable industrialisation and foster innovation**
11 SUSTAINABLE CITIES AND COMMUNITIES	**Frontline provider for safe, affordable, accessible and sustainable urban development**
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Ensure responsible consumption and production patterns**

Governance and Accountability [102-18, 102-20, 102-32]

Sustainability leadership is pivotal in ensuring that sustainability is being integrated into our business operations. To this end, we have established a three-tiered sustainability governance structure.

At the apex of the governance structure is the Board of Directors ("BOD") who head the sustainability agenda of the Group. The Sustainability Steering Committee ("SSC") formed which comprises the Executive Committee ("EXCO") members is responsible to develop suitable strategies and initiatives that are aligned with the sustainability aspirations of Scientex. Based on the direction provided by the SSC, the Sustainability Working Committee ("SWC") implements the initiatives, programmes and campaigns across the Group; and plays a key role in data management. Members of the SWC comprise representatives from the Corporate Department, Manufacturing Division and Property Division.

BOD

- Endorses the Group's sustainability strategy and commitment

SSC: EXCO

- Proposed sustainability strategy to the BOD
- Oversees the progress of the sustainability initiatives and projects

SWC

- Undertakes sustainability initiatives aligned with the Group's strategy for sustainability
- Records and manages data for economic, environmental and social sustainability parameters

Corporate Department

- Human Resources
- Finance
- Legal
- Company Secretary
- Investor Relations
- Corporate Planning
- Information Technology

Manufacturing Division

- Sales & Marketing
- Finance
- Operation
- Human Resources
- Health, Safety & Environment
- Information Technology
- Purchasing Department

Property Division

- Project Manager
- Sales and Marketing
- Finance
- Purchasing Department
- Human Resource
- Contract Department
- Construction Department
- Customer Services
- Health, Safety & Environment

102-18: Governance structure
102-20: Executive-level responsibility for economic, environmental and social topics
102-32: Highest governance body's role in sustainability reporting

Stakeholder Engagement [102-40, 102-43, 102-44]

We define stakeholders as entities or people who have an impact on our business or whom may be impacted by our business. We believe that our success depends on building relationships and continuous engagement with both our internal and external stakeholders. For the reporting of FY2019, Scientex conducted a stakeholder prioritisation exercise to identify the key stakeholders. The table below provides an overview of the areas of interest to our key stakeholders, how we engage with them and the frequency of engagement.

Stakeholder	Areas of Interest	Engagement Methods	Frequency of Engagement
Customers	• Reliable service and on-time delivery • Product quality and safety • Customer services	• Customer feedback and surveys	• As and when required
		• Market research	• Monthly/Quarterly
		• Advertisement and marketing	• Weekly/Monthly
		• Customer satisfaction surveys	• As and when required
Vendors/Partners	• Timely pay-outs • Procurement practices • Supplier good business conduct	• Supplier assessment	• Annually
		• Supplier registration	• As and when required
Employees	• Competitive pay and benefits • Clear communication on company's updates • Work-life balance • Career growth and opportunities	• Training programmes and workshops	• As and when required
		• Employee engagement survey	• As and when required
		• Employee engagement events	• As and when required
Government/ Regulators	• Regulatory compliance • Corporate governance • Standards and certifications	• Facility visits	• As and when required
		• Regular audits and inspections	• Quarterly/Annually
Investors and Shareholders	• Growth trajectory • Market Diversification • Corporate governance	• Annual general meeting	• Annually
		• Annual report	• Annually
		• Investor relations engagement	• As and when required
Local Communities	• Social issues • Environmental issues • Affordable homes	• Community engagement programme	• Monthly/Quarterly
		• Property launching events	• As and when required
Media	• Company reputation	• Engagement sessions	• As and when required
		• Press releases	• As and when required

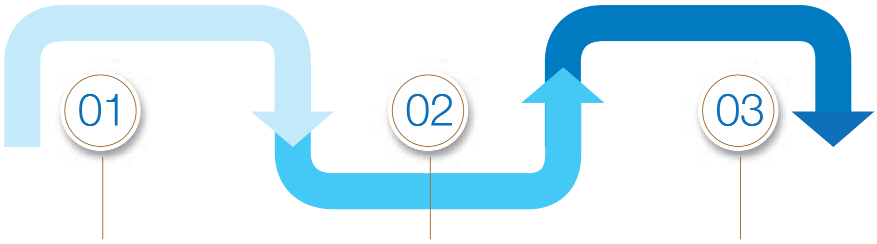
102-40: List of stakeholder groups
102-43: Approach to stakeholder engagement
102-44: Key topics and concern raised

Our Sustainability Statement

OUR MATERIAL SUSTAINABILITY MATTERS

Materiality Matrix [102-47]

It is important to identify the material sustainability matters that are most relevant to Scientex's operations. These matters represent the Group's EES opportunities and challenges. We conducted a materiality assessment with the SWC in a workshop mode. The steps involved in the materiality assessment are summarised as below.

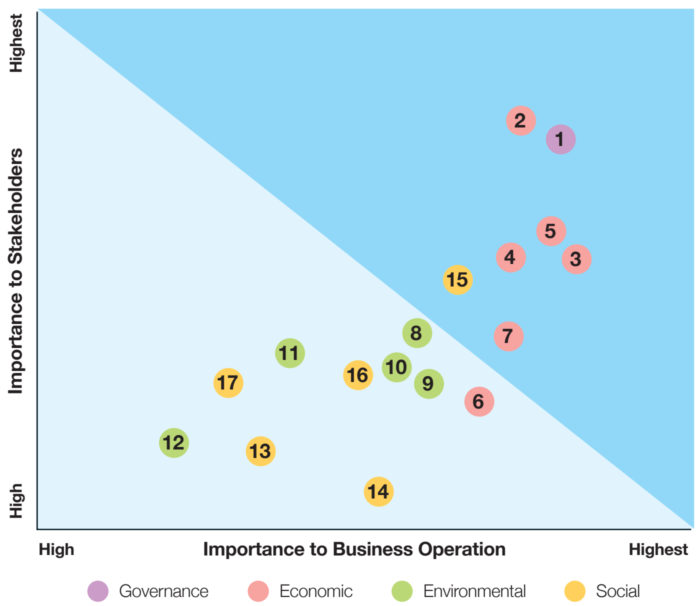


STEP 1
Identify sustainability matters that are material or important to Scientex's business operations and its stakeholders. A total of 17 material sustainability matters were identified.

STEP 2
The identified material sustainability matters were ranked on a scale of 1 to 9 according to its importance to stakeholders.

STEP 3
The identified material sustainability matters were ranked on a scale of 1 to 9 according to its importance to Scientex's business operations.

Based on the materiality assessment, the identified 17 material sustainability matters are those which are relevant to our business operations and stakeholders. These matters were then plotted into a matrix for better visualisation of the critical material sustainability matters.



GOVERNANCE
1. Ethics & Integrity

ECONOMIC
2. Anti-Corruption
3. Economic Performance
4. Market Presence
5. Product Quality & Assurance
6. Procurement & Supply Chain Management
7. Product Innovation

ENVIRONMENTAL
8. Environmental Compliance
9. Materials Consumption
10. Waste Management
11. Energy
12. Water & Effluent Management

SOCIAL
13. Diversity & Equal Opportunity
14. Employee Turnover & Retention
15. Occupational Health & Safety
16. Capacity Building
17. Local Communities

The 17 identified material sustainability matters are categorised as the highest priority (in blue shades) to our business operations and stakeholders, while those that are located in the light blue shades of the matrix are of high priority. We note that the 17 material sustainability matters represent the 4 pillars of sustainability where each matter will be relevant to the interest and concern of different stakeholders.

102-47: List of material topic

Our Sustainability Statement

Mapping Our Material Sustainability Matters

To showcase the relevance of the 17 material sustainability matters, we have mapped them to the applicable GRI indicator(s), Scientex's stakeholders and the relevant SDGs, as shown below.

Material Sustainability Matters	Applicable GRI Indicator(s)	Relevant Stakeholders	Relevant SDGs
GOVERNANCE			
1. Ethics and Integrity	GRI 102: General Disclosures GRI 103: Management Approach	Government/Regulators, Investors and Shareholders, Vendors/Partners, Employees and Customers	8 DECENT WORK AND ECONOMIC GROWTH
ECONOMIC			
2. Anti-Corruption	GRI 205: Anti-Corruption	Government/Regulators, Investors and Shareholders, Vendors/Partners and Employees	8 DECENT WORK AND ECONOMIC GROWTH
3. Economic Performance	GRI 103: Management Approach GRI 201: Economic Performance	Employees, Investors and Shareholders	8 DECENT WORK AND ECONOMIC GROWTH
4. Market Presence	GRI 103: Management Approach GRI 202: Market Presence	Employees, Investors and Shareholders	8 DECENT WORK AND ECONOMIC GROWTH
5. Product Quality and Assurance	GRI 102: General Disclosures GRI 103: Management Approach	Investors and Shareholders, Customers and Employees	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
6. Procurement and Supply Chain Management	GRI 102: General Disclosures GRI 103: Management Approach GRI 204: Procurement Practices	Vendors/Partners	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
7. Product Innovation	GRI 103: Management Approach	Customers, Investors and Shareholders	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our Sustainability Statement

Material Sustainability Matters	Applicable GRI Indicator(s)	Relevant Stakeholders	Relevant SDGs
ENVIRONMENTAL			
8. Environmental Compliance	GRI 103: Management Approach GRI 307: Environmental Compliance	Government/Regulators and Local Communities	12 Responsible Consumption and Production
9. Materials Consumption	GRI 103: Management Approach GRI 301: Materials	Vendors/Partners and Local Communities	9 Industry, Innovation and Infrastructure 12 Responsible Consumption and Production
10. Waste Management	GRI 103: Management Approach GRI 306: Effluents and Waste	Government/Regulators, Employees and Local Communities	12 Responsible Consumption and Production
11. Energy	GRI 103: Management Approach GRI 302: Energy	Government/Regulators and Local Communities	12 Responsible Consumption and Production
12. Water and Effluent Management	GRI 103: Management Approach GRI 303: Water and Effluents GRI 306: Effluents and Waste	Government/Regulators and Local Communities	12 Responsible Consumption and Production
SOCIAL			
13. Diversity and Equal Opportunity	GRI 405: Diversity and Equal Opportunities	Employees	8 Decent Work and Economic Growth
14. Employee Turnover and Retention	GRI 103: Management Approach GRI 401: Employment	Employees	8 Decent Work and Economic Growth
15. Occupational Health and Safety	GRI 403: Occupational Health and Safety	Employees, Vendors/ Partners and Government/ Regulators	8 Decent Work and Economic Growth
16. Capacity Building	GRI 404: Training Education	Employees	8 Decent Work and Economic Growth
17. Local Communities	GRI 413: Local Communities	Local Communities and Media	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 12 Responsible Consumption and Production

Our Sustainability Statement

GOVERNANCE

8 DECENT WORK AND ECONOMIC GROWTH

To uphold good governance and fair operating practices in our organisation, thus maintaining our reputation and reducing legal risks.

Ethics and Integrity [102-16, 102-17, 103-2]

The Group's core values are honesty and integrity and dealing in a fair and transparent manner with our stakeholders. This requires the highest standards from our management and employees in all our interactions with our stakeholders including suppliers, customers, governments and regulatory bodies, among others.

We seek to uphold a high level of honesty, trustworthiness, ethical standards and professionalism in all aspects of decision making and implementation of our obligations.

Scientex is committed to integrity and ethical conduct in the way we carry out our business and operations, which is reflected in the Whistleblowing Policy that we seek to enforce. This policy applies to all levels of employees and stakeholders of Scientex. We provide a platform for our employees to channel any whistleblowing matter according to procedures outlined in the Whistleblowing Policy. The Whistleblowing Policy is available for viewing at www.scientex.com.my/corporate-governance/.

ECONOMIC

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

To be established as a market leader in the region by committing towards economic improvement through inclusivity, productive employment and sustainable product innovation. To ensure the creation of safe, affordable, accessible, and sustainable urban development, while enforcing responsible business practices.

Anti-Corruption [205-2, 205-3]

As part of our effort in strengthening the Group's ethical conduct, we have put in place an Anti-Corruption and Anti-Bribery Policy. We instil a culture of ethical conduct by communicating the requirements of the policy to our employees through memos and electronic mails. We are pleased to disclose that for FY2019, we recorded zero complaints on corruption within the Group.

Economic Performance [103-2, 201-1, 201-3, 201-4]

As of 31 July 2019, Scientex recorded a revenue of RM3.25 billion. We strive to create value in our business by recognising the importance of expanding our annual income in a productive and sustainable manner. In FY2019, we have paid the single tier interim dividend amounting to RM51.5 million to shareholders while the single tier final dividend at 10 sen per ordinary share amounting to RM51.5 million is subject to the shareholders' approval at the forthcoming annual general meeting. Dividends provide a stable income stream to our shareholders and help to improve investment returns. As part of our economic contribution to the society that we operate within, we contributed RM1.3 million through sponsorship to Cancer Research Malaysia.

102-16: Values, principles, standards, and norms of behaviour
102-17: Mechanisms for advice and concerns about ethics
103-2: The management approach and its components
201-1: Direct economic value generated and distributed
201-3: Defined benefit plan obligations and other retirement plans
201-4: Financial assistance received from government
205-2: Communication and training about anti-corruption policies and procedures
205-3: Confirmed incidents of corruption and actions taken

Aside from dividend and sponsorship, we also comply with statutory requirements to ensure timely contribution to the Employees Provident Fund ("EPF") for all our employees. On our part as the employer, we contribute 13% for employees who earn less than RM5,000 and for those who earn above the RM5,000 salary bracket, we contribute a minimum of 12%. We ensure employees' contribution at a minimum of 11% for both groups.

In terms of financial assistance, we do not receive financial assistance from the government. However, in our manufacturing division, we are allowed to claim reinvestment allowance for the qualifying capital expenditure, as well as double deduction for certain expenses incurred for the promotion of exports.

Market Presence [103-2, 202-1, 202-2]

Market presence is paramount to Scientex as it helps us grow and achieve notable economic performance. Scientex has a proven track record in the flexible plastic packaging market, supported by our dedicated employees and their capabilities. To demonstrate our commitment to market presence globally, we promote business growth by relying on local talent in the areas where we operate in. We are proud to present that 100% of our senior management team which includes the Managing Director and EXCO members are Malaysian citizens.

In terms of remuneration, we comply with the minimum wage set by the Malaysian Government (Minimum Wages Order (Amendment) 2018) of RM1,100 per month for Peninsular Malaysia. We offer attractive remuneration packages to our employees and we maintain the practice of giving quarterly incentives to our employees, which may not be commonly seen in the market.

Product Quality and Assurance [103-2, 102-43]

As a responsible manufacturer and developer, we adhere to the internationally recognised ISO standards for our operations. The regular internal and external audits carried out as part of the certification process allow Scientex to monitor its sustainability performance. The table below lists the various international certifications received by our business entities.

Standards	Subsidiary/Entity	Nature of Operations
ISO 9001:2015 (Quality Management System)	Scientex Packaging Film Sdn. Bhd. SPF-PI	Development and manufacture of plastic stretch film and other related packaging films.
ISO 9001:2015 (Quality Management System)	Property Division (Scientex Pulai, Johor and Scientex Durian Tunggal, Melaka)	Provision of construction services for building works.
ISO 9001:2015 (Quality Management System)	Scientex Great Wall (Ipoh) Sdn. Bhd. SGW-Ipoh	Development and manufacture of flexible packaging films and bags made of plastic.
ISO 9001:2015 (Quality Management System)	Scientex Great Wall Sdn. Bhd. BOPP-PI	Development and manufacture of flexible packaging films and bags made of plastic.
ISO 14001:2015 (Environmental Management System)	Scientex Packaging Film Sdn. Bhd. SPF-PI	Development and manufacture of plastic stretch film and other related packaging films.

103-2: The management approach and its components
202-1: Ratios of standard entry level wage by gender compared to local minimum wage
202-2: Proportion of senior management hired from the local community

Our Sustainability Statement

Standards	Subsidiary/Entity	Nature of Operations
BRC Global Standard for Packaging and Packaging Materials	Scientex Great Wall Sdn. Bhd. SGW-Rawang	The extrusion, lamination, Flexo and Gravure printing and conversion of flexible packaging film and bags intended for use in food, sanitary and hygiene industry.
ISO 9001:2015 (Quality Management System)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Development and manufacture of plastic films, printing, laminating and converting of flexible packaging products.
ISO 14001:2015 (Environmental Management System)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Manufacture of plastic films, printing and converting of flexible packaging products.
ISO 14001:2015 (Environmental Management System)	Scientex Great Wall (Ipoh) Sdn Bhd SGW-Ipoh	Development and manufacture of flexible packaging films and bags made of plastic.
ISO 22000:2005 (Food Safety Management System)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Manufacture of plastic films, printing, laminating and converting of flexible plastic packaging for food, sanitary and hygiene industry.
OHSAS 18001:2007 (Occupational Safety and Health)	Scientex Great Wall Sdn. Bhd. SGW-Rawang	Manufacture of plastic films, printing and converting of flexible packaging products.
HACCP Certification	Scientex Great Wall (Ipoh) Sdn Bhd SGW-Ipoh	Management of a Hazard Analysis and Critical Control Point (HACCP) System for manufacture of printed and unprinted flexible plastic packaging, films and bags for food and hygiene industry.
HACCP Codex Alimentarius	Scientex Great Wall Sdn. Bhd. BOPP-PI	Product development and manufacture of Biaxially Oriented Polypropylene (BOPP) film for food packaging industry.
GMP Codex Alimentarius	Scientex Great Wall Sdn. Bhd. BOPP-PI	Product development and manufacture of Biaxially Oriented Polypropylene (BOPP) film for food packaging industry.

Product Quality and Assurance [103-2, 102-43] Con't

At Scientex, we place high importance on customer satisfaction. In order to evaluate and keep track of our customer satisfaction, we engage in open and frequent communication with our customers to understand their needs.

Our customer satisfaction survey is conducted at the end of each year and serves as an assessment of our service quality, delivery, new development and customer service. Our customer satisfaction score for SGW-Rawang was 69%, 68% and 70% for the last three years (FY2016, FY2017 and FY2018).

Since our customer satisfaction feedback for FY2019 will be obtained at the end of 2019, we will disclose the result in the next reporting cycle. At a minimum, we are targeting to maintain the FY2018 rate of 70%.

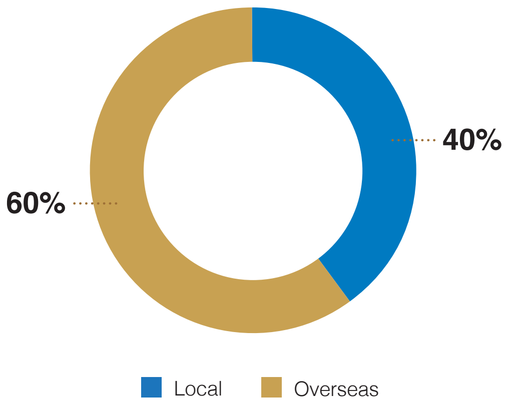
For the Group's property division, to ensure the quality of our properties, we conduct internal risk-based audits at least once every 12 months. During the audit, the risks and opportunities are assessed, and corrective actions are taken for any non-conformance identified.

Procurement and Supply Chain Management [102-9, 103-2, 204-1]

At Scientex, we strive to have a consistent supply of materials in addition to fair price for all the materials purchased. We work with various suppliers ranging from raw materials, contractors, to capital equipment for our manufacturing and property businesses. We encourage all our subsidiaries to undertake sustainable approaches in purchasing and contracting activities to promote waste minimisation.

To contribute to the local economy, we support local suppliers. During FY2019, for SGW-Rawang, 40% of the raw materials were locally sourced with the 60% sourced from overseas. In the case of our property development segment, we procured 100% of our materials from local suppliers.

Procurement Proportion in FY2019 – SGW Rawang



For property development,
100%
of materials procured are from local suppliers

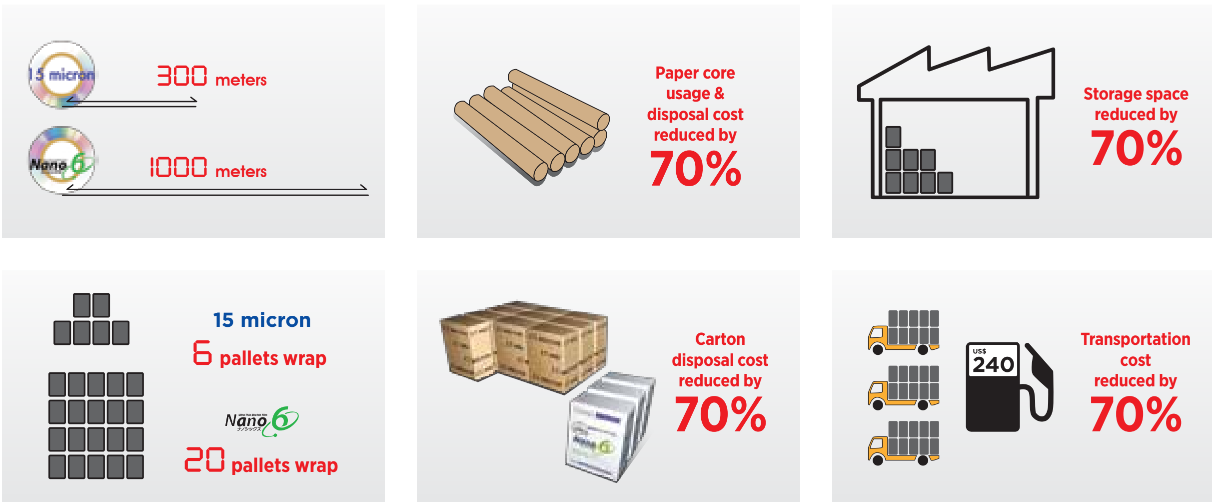
102-9: Supply chain
102-43: Approach to stakeholder engagement
103-2: The management approach and its components
204-1: Proportion of spending on local suppliers

Our Sustainability Statement

Product Innovation [103-2]

We recognise that sustainability is a driver for innovation. Product innovation is fundamental as it improves our sales and maintains our position as a market leader. Our products are leveraged on innovation, technological advances, new ideas and methods to constantly improve our product offerings and to meet our customer demands while promoting sustainability efforts.

At SPF-PI, our 6 microns down gauge thin films are distinctively produced directly from the cast line machine in a single process with nano layer film structure. We have developed down gauging thin films (6 microns) with WFE enhanced technology with nano layer film structure. Implemented in stages from 2014 to 2018, this product enables Scientex to reduce its film usage, raw material consumption, film weight, wastage, film storage space, disposal costs, transport costs and ultimately, our environmental footprint.



At the SGW-Rawang, we implemented the down gauging project in our lamination film that led to a reduction in environmental footprint, materials consumption and storage space.

Driven by innovation, technology, and fuelled by strategic partnerships and reputation, below are among the benefits of our FPP products to the users:

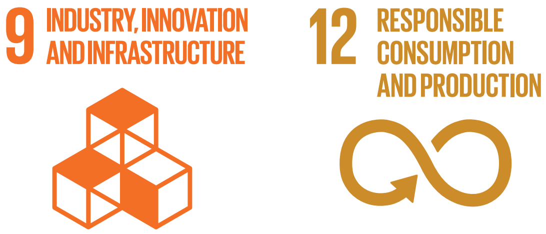
6 Benefits of our FPP Products

Eco-friendly	Cost efficient	Lightweight	Safer Distribution	Innovative
Our products do not require much of the earth's resources to produce and the materials can be reused and recycled.	Our cost for manufacturing is more efficient as the process requires less materials with the aid of advanced technology in terms of comparable performance of the same product.	With lightweight features, the products take up less space and makes transportation easier, therefore reducing storage and fuel cost as well as carbon footprint generated from transportation.	Our products can increase the shelf life of perishable products and are less likely to get damaged during the transportation process.	Continuous creative packaging concept to provide recyclable solutions in line with global sustainability agenda.

103-2: The management approach and its components

Our Sustainability Statement

ENVIRONMENTAL

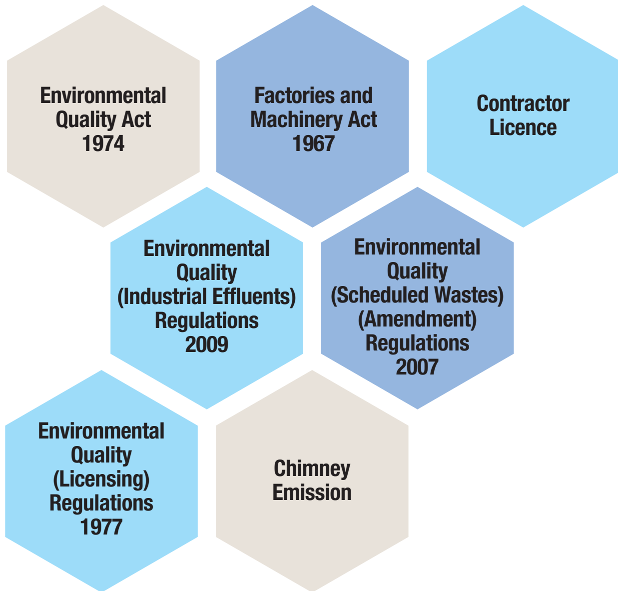


To advocate environmental solutions and protection through responsible consumption and sustainable development.

Environmental Compliance [103-2, 307-1]

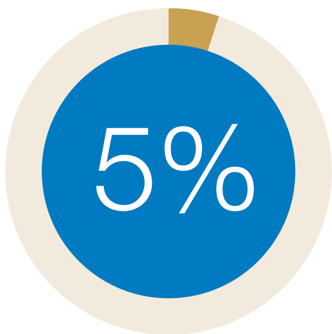
Compliance is an important part in managing our environmental risks. We are committed to ensure full compliance with applicable environmental laws and regulations to reduce our environmental footprint.

We are pleased to announce that for FY2019, we did not receive any fines for non-compliance with environmental laws and regulations in BOPP-PI manufacturing plant. To ensure our compliance to environmental regulations, we conducted multiple environmental inspections and assessments such as Stack Emission Monitoring (Boiler 1, 2, and 3), Boundary Noise Level Monitoring (4 points) and Water Final Discharge Inspection in January 2019 for BOPP-PI manufacturing plant.



Materials Consumption [103-2, 301-2]

We are cognisant of our raw material consumption for the manufacturing division of the Group. At SPF-PI, we optimise our consumption by ensuring production lines are equipped with high precision online gauging systems to ensure thickness control which is an indicator for optimal material usage. Other initiatives implemented includes the use of recycling machines to reuse rejected goods from the production lines.



Recycled input used to manufacture SPF-PI's primary products

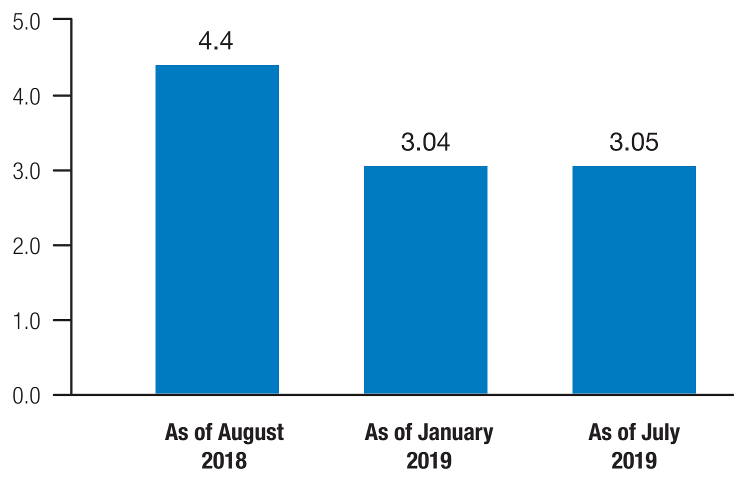
103-2: The management approach and its components
301-2: Recycled input materials used
307-1: Non-compliance with environmental laws and regulations

Waste Management [103-2, 306-2]

As a Group, we generate various types of wastes including scheduled and non-scheduled wastes. Scheduled wastes generated from SPF-PI are managed as per the requirements of the Environmental Quality (Scheduled Wastes) Regulations 2005 in terms of their storage, transportation and disposal.

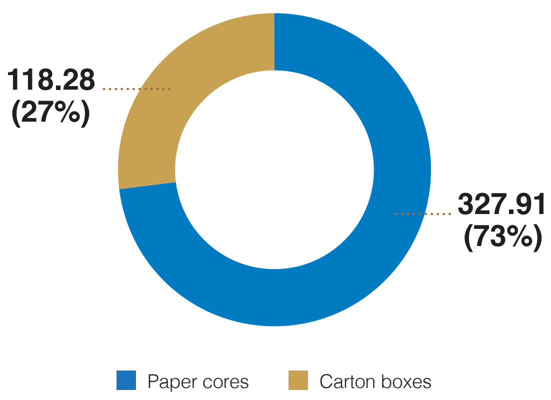
Types of scheduled wastes generated include but is not limited to used lubricant oil, used grease, used paints, used batteries, used performance marker and used filter belting.

Scheduled Waste Disposal (MT)



Of the non-scheduled wastes generated, we recycle as much as possible and engage a recycling contractor to regularly collect recyclables from our premises. The majority of material recycled is paper cores which constitute 73% of the wastes recycled.

Recyclable Waste Generated (MT)



Energy [103-2, 302-4]

At our manufacturing operations, we implement best industry practices with respect to energy management. For instance, at our corporate headquarters, we employ the VRV (variable refrigerant volume) system. Also referred to as the variable refrigerant flow ("VRF"), this technology circulates only the minimum amount of refrigerant needed during a single heating or cooling period. This mechanism allows us to individually control several air conditioning zones at one time and therefore achieve energy savings. Energy reduction initiatives at the plant include the installation of LED high bay lighting inside the factory.

103-2: The management approach and its components
302-4: Reduction of energy consumption
306-2: Waste by type and disposal method

Water and Effluents Management [103-2, 303-2, 306-1]

Water conservation is an environmentally sound way to reduce demand and dependence on water. Therefore, at BOPP-PI, we are conscious of our water usage and proactively have implemented water conservation initiatives. Using less water in the manufacturing process reduces the generation of effluents which in turn reduces the load on the effluent treatment plant ("ETP") and reduces energy requirement.

We adhere to discharge limits prescribed under the Environmental Quality (Industrial Effluent) Regulations 2009 (Standard B) and ensure compliance by undertaking periodical monitoring of the effluent quality. Samples of the effluent are collected and analysed by accredited third-party laboratories on a yearly basis.

In ensuring efficient use of water, we continuously strive to reduce water consumption through recycling and reuse of water in our film making processes. Water loss is mainly due to evaporation from the cooling towers for air conditioning and manufacturing processes. Our heating, ventilation, air-conditioning ("HVAC") system has been designed in accordance with good manufacturing processes ("GMP").

SOCIAL

To promote sustainable values among our employees through engagement sessions, surveys and training. In addition to being responsibly committed towards the communities we operate in.

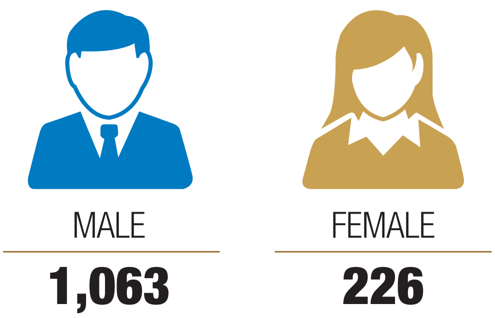
103-2: The management approach and its components
303-2: Management of water discharge-related impacts
306-1: Water discharge by quality and destination

Our Sustainability Statement

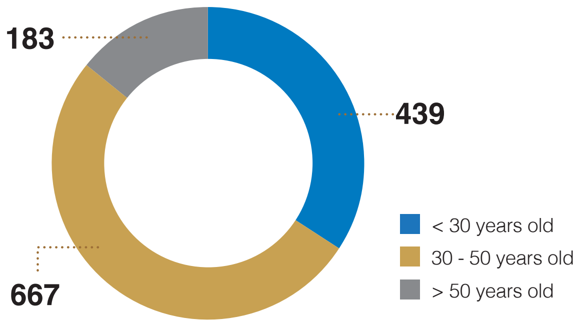
Diversity and Equal Opportunity [405-1]

As a Group, we firmly believe in diversity and inclusiveness, and value all our employees regardless of age, race or religion. An inclusive workplace ensures an employee hired is given a genuine role that makes the employee feel valued, welcomed, integrated and included in the workforce.

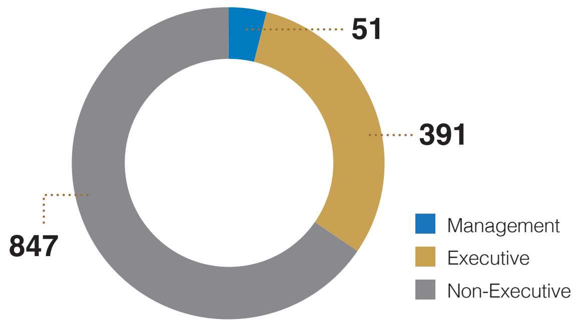
Total workforce under the scope of reporting in FY2019 is 1,289 employees which brings to male to female ratio of 5:1. Employees in the age group of 30 to 50 years old form the largest group which shows we employ experienced and skilled workers. The non-executive group forms the largest group in our workforce as the nature of our operations demands those with technical skills. Distribution of employees mostly dominated by local with 70% and foreigners with 30%.



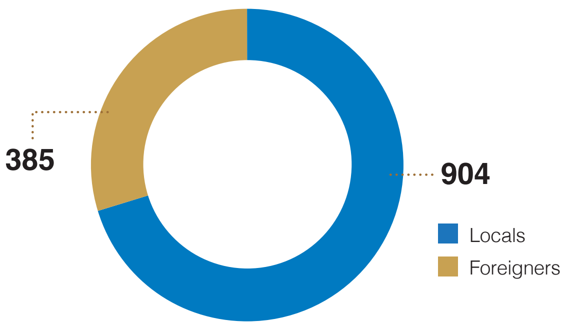
Distribution of employees by Age



Distribution of employees by Employment Category



Distribution of employees by Nationality



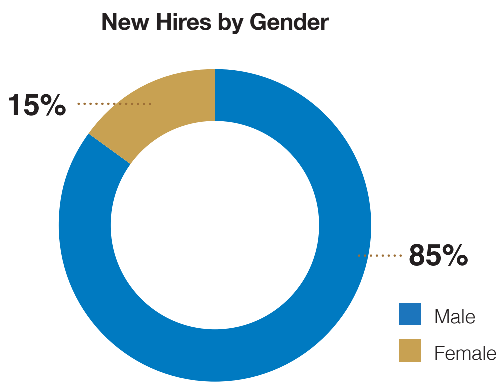
405-1: Diversity of governance bodies and employees

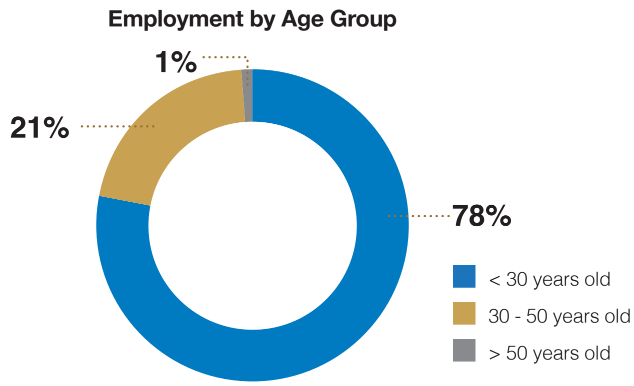
Our Sustainability Statement

Employee Turnover and Retention [103-2, 401-1, 401-2]

Under the scope of reporting in FY2019, we registered a total turnover rate of 17.35%, which is equivalent to 224 people leaving our Group. We recruited a total of 218 new employees to ensure we are staffed with adequate talents and capabilities.

Out of the 218 new employees, women comprise 15% and men 85%. Men dominate our workforce due to the nature of our main business in manufacturing and property development industry. Moreover, employees in the age group of below 30 years old form the largest group with 78% out of the 218 new employees, where Scientex provide job opportunity for the young generation to gain working experience.





Employee Benefits

We value our employees and continuously support initiatives that contribute to our employees' growth, success and wellness. We offer good remuneration package, quarterly incentive scheme and a wide variety of benefits for all our employees.

- Hospitalisation
- Surgical insurance
- Group term life
- Personal accident insurance
- Medical benefits
- Retirement benefits
- Share grant plan
- Education assistance
- Compassionate leave

103-2: The management approach and its components
401-1: New employee hires and employee turnover
401-2: Benefits provided to full-time employees that are not provided to temporary or part time employee

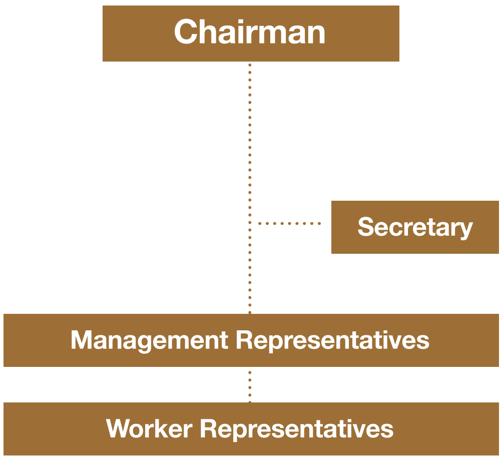
Our Sustainability Statement

Occupational Health and Safety [403-1, 403-2,403-4, 403-5, 403-9]

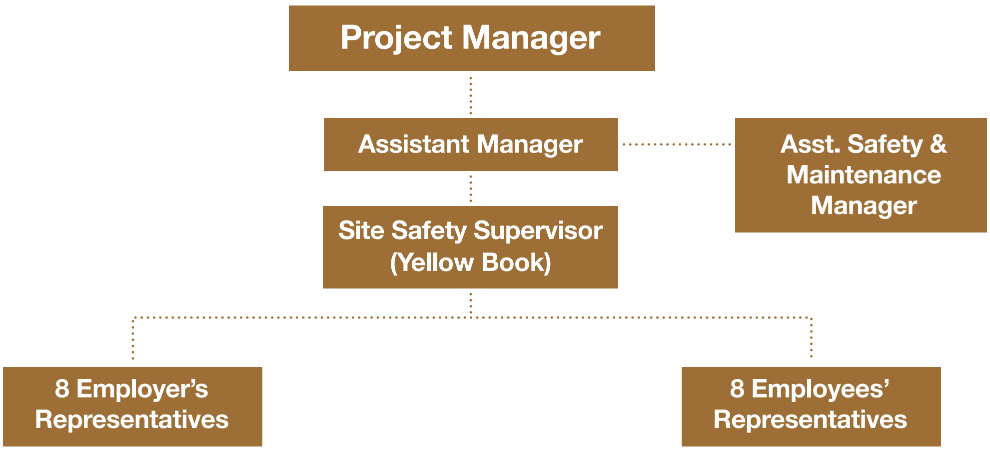
Health, safety and welfare of our people has been a priority since the Group's earliest days. Our safety standards aim to provide a safe working environment for our staff and contractors. Furthermore, we understand that the absence of occupational safety enforcement may potentially incur economic losses in the form of compensatory benefits and penalties imposed by the government and other regulatory bodies.

We have established a health and safety committee at both of our SGW-Rawang manufacturing plants and both of our property development projects (Scientex Pulai and Scientex Durian Tunggal) comprising an equal number of employer and employee representatives. The safety and health committees meet periodically and minutes of meetings are filed for record.

SGW-Rawang Safety and Health Committee



Property Development Safety and Health Committee



403-1: Occupational Health and Safety management system
403-2: Hazard identification, risk assessment, and incident investigation (HIRARC)
403-4: Worker participation, consultation, and communication on occupational health and safety
403-5: Worker training on occupational health and safety
403-9: Work related injuries

Guided by the occupational safety and health management systems, we strive to achieve our objectives of reducing risk levels, elimination or reduction in frequency of undesired incidents and accidents and to improve employee awareness.

Our work-related hazards and risk processes implemented at our SGW-Rawang manufacturing plant and property divisions include:

- Hazard Identification Risk Assessment Risk Control (HIRARC)
- Daily safety inspection
- Job safety analysis
- Monthly house audit
- Work site safety inspection
- Work permit system
- Security management

At Scientex, we empower our employees to remove themselves from hazardous work situations through a job risk analysis or re-assessment after work site inspection. In the event of an accident, we trigger our internal incident reporting system, accident investigation and remedial measures, and accident reporting to Department of Occupational Safety and Health.

Work related incident

The Group continues to work on reducing the number of work-related incidents. For this reporting year, we recorded zero incidents at both the property development projects, Scientex Pulai and Scientex Durian Tunggal.

In the case of SGW-Rawang, the number of recordable work-related injuries in FY2019 is 23 cases with zero fatal injury.

In order to ensure all our employees are practising safe workplace practices and taking the necessary safety precautions, we provide relevant training programmes (internal and external).

Key Trainings	Training Provider	Subsidiary/Entity
Safety and Health Officer Enrichment Program	NIOSH	SGW-Rawang
Forklift Safety and Certification	In-house	SGW-Rawang
21st Conference and Exhibition on Occupational Safety and Health ("COSH")	NIOSH	SGW-Rawang
Hand and Finger Safety Training	In-house	SGW-Rawang
Application of PPE Training	IK Knowledge	SGW-Rawang
Managing Schedule Wastes Towards People and Environment Protection and Cost Reduction	OCSB	SGW-Rawang
Radiation Safety Awareness	Agensi Nuklear Malaysia	SGW-Rawang
Accident Investigation	In-house	SGW-Rawang

Our Sustainability Statement

Key Trainings	Training Provider	Subsidiary/Entity
First Aid training	In-house	SGW-Rawang
Environment, Health and Safety Awareness	In-house	SGW-Rawang
Fire Drill	In-house	SGW-Rawang
ISO 14001:2015 and OHSAS 18001:2007 Internal Auditor Training	In-house	SGW-Rawang
Kursus Pasukan Keselamatan Kebakaran Kilang	In-house	SGW-Rawang
Langkah-Langkah Pencegahan Kebakaran	In-house	SGW-Rawang
Fundamental Occupational Safety and Health for Supervisor	In-house	SGW-Rawang
Safety and Health and Committee Meeting and Safety Awareness Training	In-house	Scientex Pulai
Toolbox Trainings	In-house	Scientex Pulai
Toolbox Trainings and Safety Helmet Awareness Training plus Handing Over to Workers	In-house	Scientex Durian Tunggal, Melaka

In FY2019, the Group conducted fogging and housekeeping activities at its construction sites in order to prevent breeding of Aedes aegypti mosquitoes. This is to safeguard our workers at the sites from contracting Dengue Fever which can be fatal.

Our Sustainability Statement

Capacity Building [404-1, 404-2]

In the rapidly evolving industry, continuous learning is essential to ensure our Group implements latest practices and technologies. At the SGW-Rawang manufacturing division, various types of training are provided to enhance skills and knowledge of employees.

List of training(s)

Scheduled Waste Management

- Managing Schedule Wastes Towards People and Environment Protection and Cost Reduction
- High Performance Scheduled Waste Management Towards Cost Saving
- FMM Industrial Waste Management Conference 2019

Others

- Facilities Compliance on Import Duty Exemption
- Hearing Conservation Training
- Essential Chemical Spill Control
- Seminar Increase your Lab Efficiency with Innovative Chromatography Techniques

- Bengkel Tanggungjawab Majikan Terhadap Pekerja
- Practical Refresher First Aid, CPR, AED Training
- The Essential of Import and Export Procedures: Plus the Latest SST Rules
- Seminar on Application of CEMS as an EM Tool for Guided Self-Regulation

- Budget 2019-Key Updates and Changes for Corporate Accounts
- Safe Motorcycle Riding for Workers
- Internal Audit Training for ISO 9001, 22000, and BRC
- Introduction to Sales and Services Tax

- Incoterm, Shipping Import and Export Documents and Procedures
- Workshop on Radiological Emergency Plan
- Essential Autocad Workshop
- Seminar Pematuhan Continuing Professional Development untuk Orang yang Berwibawa

- Good Manufacturing Practice and Allergen Control

At SGW-Rawang, we invested a total of 428 hours in training (which comprise 36 trainings) for FY2019.

Total number hours of training at SGW-Rawang

428
Hours

404-2: Programmes for upgrading employee skills and transition assistance programmes

Our Sustainability Statement

Local Communities [413-1]

Scientex's community engagement programmes aim to add value in the form of skill development and enhancement as well as to ease off burdens through donations to society. Our employees continue to demonstrate a continuous commitment and interest in participation in various community engagement programmes. We look forward to continuing assistance to the communities by organising programmes that will benefit them in any manner.

Cancer Research Malaysia Sponsorship

Scientex is a company that engages in corporate social responsibility ("CSR") since the past few years and we are pleased to inform that we are sponsoring Cancer Research Malaysia ("CRM") with a total amount of RM1.3 million for a period of 2 years commencing 1 January 2018 to 31 December 2019. The sponsorship serves as a funding to CRM to help fund its operational costs and expenses to carry out their research advancement and works in relation to the usage of genomics tools to discover new cures for Asian breast cancer.

Based on the reports provided by CRM to Scientex, breast cancer is the most common cancer among women, and it is increasing at 3% per annum in Asia because of the "westernisation" and urbanisation, and other changes in lifestyle factors. CRM has established a robust hospital-based cohort of fresh frozen breast cancer samples with in-depth risk factors and clinical information since 2012, when this project commenced. CRM has won the Newton Ungku Omar Grant ("Newton Grant") to analyse 400 tumour samples where such systematic analysis will lead to a better understanding for future studies on immunotherapy in Asian breast cancer patients.

Scientex is one of the sponsors for the cancer research which has benefited the targeted groups, especially when the usage of genomics tools to discover new cures for Asian breast cancers is certified and recognised by international experts. This project is one of the key highlights for our CSR for FY2018 and FY2019.

Towards Zero Leakage to the Ocean (MPMA and Scientex)

Pulau Ketam in Selangor was chosen for this programme as it faces serious threats of marine litter problem. The source of marine litter includes littering by some of the residents that cause the litter to accumulate around the island. The programme intends to address the marine litter problem by managing the issue of demonstrative effect to the people on the island and setting an example to the people living in surrounding areas. The cleaning activity was conducted during low tide to facilitate waste collection at all areas. The collected waste from sites was segregated, collected and sent to recycling centre in the island while the non-recyclable wastes are transported out of Pulau Ketam and transferred to Jeram Sanitary Landfill. Other initiatives adopted include installation of net underneath houses within the perimeter of the relevant zones acting as a trap to block inflow of waste from the ocean into the resident's zone during high tides.

Conclusion

Scientex is committed to ensuring that sustainability is incorporated throughout our business management and operations. For each addressed key material sustainability matter presented in our materiality matrix, Scientex has endeavoured (where applicable) to discuss the opportunities and improvements. We believe that collaboration and engagement with all of our internal and external stakeholders can help deliver product improvement and affordable and quality homes. In the coming years, we will build upon the current initiatives as well as explore other opportunities to improve our sustainability performance.

413-1: Operations with local community engagement, impact assessments, and development programmes

Statement on Risk Management and Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") is pleased to provide a Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control system of the Group during the financial year.

The Group's risk management and internal control system applies principally to Scientex Berhad and its subsidiaries.

Board Responsibility

The Board acknowledges its overall responsibility to maintain a sound risk management and internal control system as well as reviewing its adequacy and effectiveness and to put in sufficient safeguards to manage the Group's risks in order to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations in any system of risk management and internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Thus, the system of internal control put in place can only provide reasonable but would not be an absolute assurance against material misstatements or loss. The significant areas covered by the Group's system of internal control are financial, organisational, operational, compliance and information technology controls.

Risk Management

The Board understands that all areas of the Group's activities involve some degree of risk and recognises that business decisions involve the taking of appropriate risks and the ultimate objective is to balance the risks involved with the potential returns to the shareholders. The Board is assisted by the Risk Management Committee ("RMC") and the Audit Committee ("AC") in the oversight of overall risk management and internal control system of the Group as well as supported by an Executive Committee ("EXCO"), which is chaired by the Group Managing Director and comprises senior management personnel of the Group, in implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks, and making recommendations designed to manage, control and mitigate such risks, whilst continuously monitoring and reviewing the risks and its impact on the Group's operations on a regular basis.

Internal Audit Function

The Group has an Internal Audit Department ("IAD") to support the AC and the Board. The Head of IAD reports to the AC on a quarterly basis. The Group's IAD conducts audit on the Group's operations as mandated by the AC and checks and monitors compliance with the Group's policies and procedures as well as the adequacy and effectiveness of the internal control system in place. The IAD will highlight significant findings in respect of non-compliance to the Board via the AC and take follow-up actions with the Management in respect of the agreed corrective actions to be implemented.

Other Key Elements of Risk Management and Internal Control

The other key elements of the Group's risk management and internal control system are as follows:-

- EXCO was established in January 2009 to assist the Board and to look into daily operational matters and the overall management of the principal areas of risk affecting the Group to ensure that the operations are in line with the Group's overall objectives, direction and budget as well as approved policies and business strategies. EXCO also formulates operational strategies on an on-going basis to respond to rapid changes in the external business conditions and environment whilst ensuring that the Group's overall objectives and policies are adhered to. Operational issues and significant risks are raised for deliberation and discussion in the EXCO meetings and adequate responses and actions would be taken thereafter. EXCO meets every month, depending on the urgency and circumstances in order to take quick pro-active actions to ensure that the interests of the Group are protected at all times.

- The RMC was established on 19 June 2014. The main function of the RMC is to report to the Board and provide appropriate advice and recommendations on material risk issues and a risk management system for the timely identification, mitigation and management of such significant risk that may have a material impact on the Group. The RMC is assisted by the Risk Management Department to establish and implement an effective risk management framework, policy and processes across the Group as well as to oversee the risk management aspect of the Group so as to identify, analyse, respond, monitor and report any significant risk to the RMC. The respective business owners are responsible to set up the risk registers in accordance with the enterprise risk management framework and report the identified risks to the RMC. The RMC meets as and when necessary and works closely with the EXCO to ascertain that there are on-going monitoring processes to manage significant risks.

- The Group Managing Director conducts regular management meetings with the respective Management teams of the various divisions/business units and reviews financial and operational reports in order to monitor the performance and profitability as well as operational issues including internal control matters and risk management of the respective divisions/business units.

- The Group has clearly defined delegation of responsibilities to the various committees of the Board and to the Management including an effective organisational structure and proper authority matrix.

Statement on Risk Management and Internal Control

- The functional control framework has been documented in the "Internal Control Guidelines" of manufacturing and property divisions respectively which set out the various key controls and process requirements across all functions, including but not limited to the main areas of financial risks. It provides management staff with a reference on the Group's internal control guidelines/policies, procedures and practices and tools to manage business risks that are significant to the fulfillment of the Group's business objectives. It is updated as and when necessary in order to reflect the changing risk profiles as dictated by changes in the business environment, strategies and functional activities from time to time.

- An annual budgeting process has also been established, whereby all key operating subsidiary companies of the Group are required to prepare budgets and business plans for the coming year. The Group practices Quarterly Rolling Budget System which covers all the major divisions of the Group. For effective and meaningful monitoring and review of performance, actual monthly and quarterly performance are duly compared with budgets set. Reviews of performances are conducted monthly with major variances being addressed and remedial management actions taken, where necessary.

- The Board and Management are provided with quarterly performance report that gives comprehensive information on financial performance and key business indicators for monitoring purposes.

Conclusion

During the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. All internal control weaknesses identified and highlighted to the AC have been and/or are being addressed. There were no material losses that have arisen from any inadequacy or failure of the risk management and internal control system which required separate disclosure in this Annual Report. The Board has received assurance from the Group Managing Director and the Executive Director responsible for the management of the financial affairs of Scientex Group that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Hence, the Board is of the view that the current risk management practice and internal control system instituted throughout the Group are sufficient to safeguard the Group's assets. Nevertheless, the Board and Management maintain a continuing commitment to strengthen the Group's risk management and internal control environment and processes.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted in its review of the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board on 23 October 2019.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 July 2019 ("FY2019").

AC MEMBERS

The AC is led by the Senior Independent Non-Executive Director who is not the Chairman of the Board. The members of the AC comprises the following Directors, who each satisfy the "independence" requirements contained in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"):-

Members	Position
Wong Chin Mun	Chairman *(Independent Non-Executive Director)*
Dato' Noorizah Binti Hj Abd Hamid	Member *(Independent Non-Executive Director)*
Ang Kim Swee	Member *(Independent Non-Executive Director)*

AC MEETINGS AND ATTENDANCE

The AC convened a total of five (5) meetings during FY2019. The meetings were held on 20 September 2018, 15 October 2018, 28 December 2018, 19 March 2019 and 26 June 2019. The details of attendance of each member served during FY2019 are as follows:-

AC Members	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Wong Chin Mun	5/5	100
Dato' Noorizah Binti Hj Abd Hamid	5/5	100
Ang Kim Swee	5/5	100

SUMMARY OF WORKS OF THE AC

The functions and duties of the AC are set out in its terms of reference and available on the Company's website at www.scientex.com.my/corporate-governance/.

In discharging its functions, duties and responsibilities, the AC had undertaken the following works during FY2019:-

(i) Financial Reporting and Regulatory Requirements

The AC monitored the financial reporting processes for the Group, included reviewing and discussing the Group's unaudited quarterly financial results and audited financial statements with the management and external auditors to ensure compliance with the applicable financial reporting standards and relevant regulatory requirements, as well as discussing the performance of the Group, before presentation to the Board for consideration and approval.

The AC also reviewed and discussed the significant accounting, auditing and regulatory issues and the impact of new accounting standards and other regulatory requirements. Having regard to the financial statements of the Group for the preceding financial year ("FY2018") which were prepared in accordance with Financial Reporting Standards ("FRS"), the AC had reviewed the financial impacts and the restated comparative information in the unaudited quarterly financial results and audited financial statements resulted from the transition to the Malaysian Financial Reporting Standards ("MFRS") framework.

As part of the year end reporting process, the AC reviewed the external auditors' professional services planning memorandum, progress report and final report which disclosed, amongst others, the responsibilities of the external auditors and those charged with governance, audit approach and scope, audit team, audit risk assessment, significant risks and areas of audit focus, independence policies, audit timeline, materiality level and analysis of audit misstatements and the responses from management to the findings. There were no significant findings noted from the reports.

In addition, the Company Secretary had updated the AC on the regulatory/statutory requirements and pronouncement such as Guidelines on Adequate Procedures pursuant to Section 17A(5) of Malaysian Anti-Corruption Commission Act 2009, second edition of the Sustainability Reporting Guide & Toolkits, Corporate Governance Monitor 2019, amendments to the Listing Requirements and the additional disclosures and reporting requirements arising thereto.

(ii) External Auditors

In considering the appointment of external auditors, the AC discussed and considered the competency and resource capacity of the external auditors, the rotation of audit partners, the audit and service team, the audit work, objectivity, professionalism and the independence of the external auditors.

For FY2019, the AC has reviewed the independence and suitability of the external auditors, namely Deloitte PLT in respect of the provision of non-audit services to the Company and the Group and fees paid/payable for such services relative to the audit fee, in accordance with the terms of all relevant professional and regulatory requirements and was of the opinion that Deloitte PLT's independence is not impaired. Furthermore, Deloitte PLT had established policies, safeguard and procedures to ensure there is no threat to its independence and objectivity. Deloitte PLT has also given their independence assurance for their audit works for FY2019. In view of the engagement partner of the preceding financial years had been involved in the key audit role for the past five (5) consecutive years, Deloitte PLT had rotated the engagement partner in respect of FY2019 whom the AC had an interview with to assess his independence, experience and competencies. Pursuant thereto, the AC has recommended to the Board for the re-appointment of Deloitte PLT as external auditors of the Company at the forthcoming Annual General Meeting based on the suitability, performance, objectivity, professionalism and independence of the external auditors.

The AC also had private discussions with the external auditors without the presence of the executive board members and management during the review of the audited financial statements for both FY2018 and FY2019 respectively to discuss any issues arising from the final audit and the assistance given by the management and staff during the course of audit. There were no significant issues highlighted by the external auditors and they received full cooperation from the management and staff and had unrestricted access to senior management in the performance of the audit. There was neither material disagreement nor significant difficulties encountered while performing the work.

(iii) Internal Auditors

The AC has reviewed and approved the internal audit plan for year 2019 to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group and the business environment.

The internal auditors presented the internal audit reports, covering the reviews of inventory, credit controls, project operation, receivable cycle, procurement cycle and revenue cycle of certain key operation units of the Group during the AC meetings held in FY2019. The AC considered the findings highlighted by the internal auditors and the responses from management. There were no major controls weaknesses noted from the internal audit reports.

(iv) Scientex Berhad Share Grant Plan

The fifth batch allocation of shares to the eligible employees of the Company and its subsidiaries under the Scientex Berhad Share Grant Plan ("SGP") was vested on 19 December 2018. The AC reviewed and verified such allocation and concurred that the award of shares under the SGP was in compliance with the criteria determined by the SGP Committee, pursuant to Paragraph 8.17(2) of the Listing Requirements. During FY2019, 307,000 new ordinary shares have been granted and vested to the eligible employees based on their employment grade and achievement of performance target for FY2018 as well as their performance and contribution to the Group.

(v) Others

The AC also:-

a) Discussed on matters related to corporate governance, risk management, internal control, prevention and detection of fraud, including the Group's assessment of risk of fraud, the processes and controls established to mitigate such risk and the framework in place to identify any risk of fraud. There was no risk of fraud detected from the reports presented in the AC meetings.

b) Reviewed related party transactions and recurrent related party transactions and any conflict of interest that may arise.

c) Reviewed and recommended to the Board for approval, the AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2018. Subsequent to the financial year end, the AC has also reviewed and recommended to the Board for approval, the similar report and statements for inclusion in the Annual Report 2019 together with the prescribed Corporate Governance Report as required under the Listing Requirements of Bursa Securities.

d) Reviewed the Whistleblowing Policy and recommended to the Board for approval. The Whistleblowing Policy is available at the Company's website at www.scientex.com.my/corporate-governance/.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Internal Audit Department, which reports directly to the AC on its activities based on the approved internal audit plans (whereby the internal audit function of a newly acquired listed subsidiary is outsourced to an independent professional services firm). Its principal function is to undertake regular and systematic review of the internal control system within the Group so as to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

The Internal Audit Department conducted assurance review on adequacy and effectiveness of the internal control system on the operating units in accordance with the internal audit plan, by interviewing the relevant personnel, observing the working environment and procedure of the operating units, reviewing relevant supporting documents and performing sampling verification. The preliminary internal audit reports which were issued together with the recommendations were circulated to the management for their responses and actions. Audit issues and actions taken by the management were recorded in the final internal audit reports before tabling at the AC meetings. The internal auditors tabled the internal audit plan and internal audit reports to the AC for review and deliberation. The AC Chairman then briefed the Board on the internal audit reports on any major findings. The internal auditors also reviewed the Internal Control Guidelines of the manufacturing and property divisions respectively and made necessary updates to reflect the current business practices and environment.

The cost incurred for the Group's internal audit function inclusive of the internal audit function outsourced by a listed subsidiary for FY2019 amounted to RM584,000.00.

This Audit Committee Report is made in accordance with the resolution of the Board on 23 October 2019.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Scientex Berhad (the "Company") recognises the importance of upholding good corporate governance ("CG") and the responsibility to observe high standards of transparency, accountability and integrity to be the cornerstone of a well-managed organisation. These best practices will not only safeguard and enhance sustainable shareholder value but also ensure that the interests of all the stakeholders are protected.

This CG Overview Statement ("Statement") is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") to provide stakeholders with an overview of the application of the principles set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") under the leadership of the Board during the financial year ended 31 July 2019 ("FY2019"). This Statement should be read in conjunction with the CG Report 2019 of the Company ("CG Report") which disclosed the application of each practices set out in the MCCG 2017 during FY2019. The prescribed CG Report is accessible at www.scientex.com.my/announcements/.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

- **BOARD RESPONSIBILITIES**

  The Board is collectively responsible for the long term success of the Group and the delivery of sustainable values to its stakeholders. The Board sets the Group's strategic plans and direction, overseeing the conduct of the business, risk management, succession planning of senior management, implementing investor relations programme and ensuring the system of internal controls and management information system are in place and effective. The Board has formulated overall objectives, short and medium term plans, policies and business strategies on an on-going basis to respond to rapid changes in the external business conditions and environment whilst ensuring that the Group's overall objectives and plan are adhered to.

  To maintain effective supervision and accountability of the Board and the management, the position of Chairman and Group Managing Director are held by different individuals to ensure balance of power and authority. The roles and responsibilities of the Chairman and the Group Managing Director are specified in the Board Charter as explained in Practice 1.3 of the CG Report.

  The Directors in their individual capacity or as a full Board has full and unrestricted access to all information pertaining to the Group. The Directors also have the advice and services of the suitably qualified and experienced Company Secretary and senior management staff at all times to aid in the proper discharge of their fiduciary duties. The notices and the meeting papers are sent to all members of the Board and Board Committees a week ahead of the scheduled meetings enabling them to seek clarification and to have sufficient time to peruse the issues to be deliberated at the Board and Board Committees meetings.

  The Board had on 20 September 2018 approved and adopted the Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities and act as a source reference and primary induction literature to provide insights to prospective Board members and senior management. The Board Charter of the Company is accessible at www.scientex.com.my/corporate-governance/.

  In addition, the conduct of the Board is also governed by the Code of Ethics for Directors, which set out the standards of CG and corporate behaviour for the Directors of the Company. The Code of Ethics is accessible at www.scientex.com.my/corporate-governance/.

  During FY2019, the Board adopted the Whistleblowing Policy with the objective to provide a whistleblowing channel for all level of employees and stakeholders to disclose any reportable and improper conduct that is taking place, has taken place and/or may take place within Scientex and serves to protect the whistleblower who is going to report or has reported such improper conduct. This policy is accessible at www.scientex.com.my/corporate-governance/.

- **BOARD COMPOSITION**

  The Board comprises six (6) experienced and competent members with different expertise, out of which three (3) members are Independent Non-Executive Directors ("INED"). Mr Wong Chin Mun was appointed as the Senior INED of the Company since 6 October 2017.

  The Board has established the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Risk Management Committee ("RMC") to assist in the execution of its responsibilities. The functions, duties and authorities of the Board Committees are set out in the Terms of Reference of each of the Board Committees, which is accessible at www.scientex.com.my/corporate-governance/.

  The NRC is led by an INED. The Board through the NRC has conducted the annual peer and self-assessments via questionnaires and reviewed the following matters:-

  (i) Assessment of independence of INED

  The NRC assessed the independence of all INEDs with the following criteria to ensure the INED would be able to discharge its duties and responsibilities effectively:-

  - the criteria of "independent director" set out in the Listing Requirements of Bursa Securities.
  - whether the tenure of INEDs have exceeded a cumulative term of nine (9) years.
  - whether INEDs has received any performance-based remuneration or share-based incentives from the Company and Group.
  - whether INEDs able to exert considerable influence on the Company's financial standings.

  The NRC has determined that all INEDs have remained objective and independent. Each of the INED has provided a confirmation of his/her independence to the NRC.

Corporate Governance Overview Statement

(ii) Review of the effectiveness of the Board, Board Committees and individual Directors

The NRC reviewed the competencies, contributions and performances of the Board as a whole and each individual Director. Having regard to the mix of skills, experiences, competencies, independence, diversity and other qualities required to meet the needs of the Group as well as the character, personality, integrity and time commitment of the individual Director, the NRC is satisfied with the performance and contribution of the Directors of the Company.

(iii) Review of the AC, external auditors and internal auditors

The NRC reviewed the performance of the AC, external auditors and internal auditors. The NRC is satisfied with the term of office and overall performances of the AC as well as the suitability, performance, objectivity, professionalism and independence of the external auditors. The NRC also reviewed the objectivity, independence, competency and resource capacity of the internal auditors.

(iv) Review of the remuneration of Directors

The NRC has reviewed the remuneration component of the Directors which includes the fees, salary, benefits-in-kind and other emoluments. At the recommendation of NRC, the Board has in turn, recommended to the shareholders for consideration that the Director's fee for Chairman be increased from RM80,000.00 to RM130,000.00 whereas the Directors' fees for other Director be increased from RM70,000.00 to RM120,000.00 to commensurate with the performance and continuous growth of the Group and to benchmark the Directors' fees with those comparable manufacturing and property companies of similar size. The proposed Directors' fees will be tabled at the forthcoming Fifty-First Annual General Meeting ("AGM") of the Company ("51st AGM") for the approval of the shareholders. The details are disclosed under Remuneration section of this Statement.

(v) Rotation of Directors

The Articles of Association of the Company ("Articles of Association") provides that one-third (1/3) of the Directors with a minimum of one (1) and those appointed during the year shall retire from office and shall be eligible for re-election at every AGM. The Articles of Association also provides that all Directors shall retire from office at least once in every three (3) years.

The Directors, Mr Wong Chin Mun and Mr Ang Kim Swee, who are standing for re-election at the forthcoming 51st AGM had indicated their intentions to seek for re-election. Having considered their past contribution and attendance at the Board and Board Committees meetings, the Board recommended their re-election to be considered by the shareholders at the forthcoming 51st AGM.

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by all the directors observing the restriction on the number of directorship as set out in the Listing Requirements by not holding more than five (5) directorships in listed issuers.

The Board meets regularly on a quarterly basis with additional meetings as and when necessary. Senior management and advisers are invited to the Board and Board Committees meetings to present the subject matters, if applicable. The Board meetings are conducted based on a formal agenda on matters to be discussed with adequate time allocated for deliberation and the Chairman of the Board chairs the meetings with proper record of minutes kept by the Company Secretary. The draft minutes of the Board meetings are made available to all Board members before the confirmation of minutes at the next meeting.

The Board convened a total of four (4) meetings during the FY2019. The meetings were held on 20 September 2018, 3 December 2018, 19 March 2019 and 26 June 2019. The details of the Directors' attendance at the Board meetings are as follows:-

	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Executive Director		
Lim Peng Jin	4/4	100
Non-Executive Directors		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	4/4	100
Lim Peng Cheong	4/4	100
Wong Chin Mun	4/4	100
Dato' Noorizah Binti Hj Abd Hamid	4/4	100
Ang Kim Swee	4/4	100

All the Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. The Board is mindful that the Directors should continuously update their skills and knowledge to maximise the effectiveness of the Board during their tenure. The Directors are required to evaluate their own training needs on a continuous basis to keep abreast with the regulatory requirements and business development. The Board has approved a budgeted amount set aside for all the Directors to attend training courses which are relevant and may assist the Directors in discharging their responsibilities. In addition, the Board is notified of a series of training programmes or workshops conducted by Bursa Securities and other training providers for its consideration and the Board receives updates of the new statutory and regulatory requirements from time to time. The external auditors/ Company Secretary also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements

Corporate Governance Overview Statement

during FY2019 and any other changes in regulatory environment such as amendments to Listing Requirements of Bursa Securities and the Companies Act 2016.

During FY2019, the Directors have attended various training programmes, seminars, conferences and forums, details of which are set out below:-

Directors	Title of Training Programmes/Seminars/Conferences/Forums
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	- Forum: Balance in Our World – Recalibrating Markets, Firms, Society and People - Malaysian Economic Summit 2018 – Whither Economic Growth, Towards Sustainable Productivity - The Malaysian Property Market: Where Are We Heading Post-GE14 - Malaysian Strategic Financial Outlook Summit – Governing in Times of Heightened Public Scrutiny and Accountability Demands - The Perdana Leadership Foundation CEO Forum 2019 – Accelerating the Fourth Industrial Revolution in Malaysia
Lim Peng Jin	- Vistage CEO Summit - Digital Free Trade Zone (DFTZ) – "What's in It for You?" - Managing Generation Y & Z - Personal Story Telling in Business - Sales Intelligence Strategies for the Modern Company and Salesperson - The Second Digital Revolution – The Three Axis Model
Lim Peng Cheong	- Cyber Security in the Boardroom – Accelerating from Acceptance to Action - Performance Planning Workshop - Performance Monitoring & Coaching Workshop - Performance Appraisal/Evaluation Workshop - Budget 2019 Seminar
Wong Chin Mun	- Managing Generation Y & Z - Personal Story Telling in Business - Digital Transformation – Growing Your Business Through E-Platform - Global Regional & ASEAN Economic Outlook - Sales Intelligence Strategies for the Modern Company and Salesperson - The Second Digital Revolution – How Every Business Can Make the Most of Youtube, Amazon & the Virtual Reality Revolution
Dato' Noorizah Binti Hj Abd Hamid	- Understanding Strata Development - Managing Challenges in Risk Based Approach & Politically Exposed Persons (AMLATFPUAA) - PNB Leadership Forum 1.0 – Governance and Organisational Excellence - PNB Leadership Forum 2.0 – Leadership - Independent Directors Programme – The Essence of Independence
Ang Kim Swee	- Qualified Risk Director Program: i) Directors guide to Risk Maturity Frameworks ii) The Role of Boards in Fraud Risk Management iii) Corporate Culture and ERM iv) Risk Appetite, Tolerance & Board Oversight - Seminar on Sales & Service Tax (SST) 2018 - Independent Directors Programme – The Essence of Independence - Demystifying the Diversity Conundrum: The Road to Business Excellence

- **REMUNERATION**

  The Company's general policy on Directors' remuneration is to offer competitive remuneration packages, which are designed to attract and retain high calibre Directors. The remuneration package for Executive Director(s) is structured to link the rewards to financial performance and long term objectives of the Group aside individual performance. The remuneration package comprises a number of separate elements such as basic salary, allowances, bonuses and other benefits-in-kind.

Corporate Governance Overview Statement

In the case of the Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall be abstained from deliberation and voting on decisions in respect of his/her individual remuneration package.

Following the proposed increase of Directors' fees in FY2019, the Board is of the view that the current remuneration level suffices to attract and retain calibre Directors to serve on the Board and recommended the Directors' fees amounting to RM730,000.00 for the FY2019 for shareholders' approval at the forthcoming AGM.

The remuneration paid and payable for FY2019 by the Company and the Group, are as follows:-

	Company					Group				
	Salaries RM'000	Fees* RM'000	Bonuses and Allowances and Other Emoluments RM'000	EPF Contribution by Employer RM'000	Total RM'000	Salaries RM'000	Fees* RM'000	Bonuses and Allowances and Other Emoluments RM'000	EPF Contribution by Employer RM'000	Total RM'000
Executive Director										
Lim Peng Jin	240	120	220	83	663	5,100	120	3,770	1,597	10,587
Non-Executive Directors										
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	130	-	-	130	-	130	-	-	130
Lim Peng Cheong	-	120	-	-	120	-	120	-	-	120
Wong Chin Mun	-	120	-	-	120	-	120	-	-	120
Dato' Noorizah Binti Hj Abd Hamid	-	120	-	-	120	-	120	-	-	120
Ang Kim Swee	-	120	-	-	120	-	120	-	-	120

* *Subject to the approval by shareholders at the 51st AGM.*

Apart from the above, the Company has arranged for directors and officers liability insurance to indemnify the Directors and officers of the Company and its group of companies. The amount of premium paid for such liability insurance is set out in the Report of the Directors of the Company's Audited Financial Statements for FY2019.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

- **AC**

The AC is led by the Senior INED who is not the Chairman of the Board. The members of the AC comprising one (1) Senior INED and two (2) INEDs, each satisfying the "independence" requirements set out in the Listing Requirements of Bursa Securities. All AC members are financially literate, with extensive corporate experiences and equipped with the required business skills. The profile of the AC members is stated in the Profile of the Board of Directors of the Annual Report 2019 and accessible at www.scientex.com.my/who-we-are/#boardofdirectors.

The summary of work of the AC in discharging its function and duties for FY2019 is disclosed in the AC Report of the Annual Report 2019.

- **RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board acknowledges its overall responsibilities to maintain a sound risk management and internal control system as well as to review its adequacy and effectiveness and to put in place sufficient safeguards to manage the Group's risks in order to safeguard shareholders' investment and the Group's assets.

The Board is assisted by RMC and AC in the oversight of overall risk management and internal control system of the Group. The Board is supported by an Executive Committee ("EXCO"), which is chaired by the Group Managing Director and comprises senior management personnel of the Group in implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks. The EXCO makes recommendations designed to manage, control and mitigate such risks, whilst continuously monitor and review the risks and its impact on the Group's operations on a regular basis. The Group has an Internal Audit Department to support AC and the Board to check and monitor the compliance of the Group's policies and procedures as well as to ensure the adequacy and effectiveness of the internal control system are in place.

The information of the Group's risk management and internal control system is presented in the Statement on Risk Management and Internal Control and AC Report of the Annual Report 2019.

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

- **COMMUNICATION WITH STAKEHOLDERS**

The Board recognises the importance of transparency and accountability towards its shareholders and to maintain an effective communication policy that enables both the Board and the management to communicate effectively with its stakeholders.

Pursuant to Paragraph 15.26(a) of the Listing Requirements, the Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the financial position of the Company and the Group of the financial performance and cash flows of the Company and the Group for the financial year then ended. In the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that the applicable approved accounting standards have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and ensuring that the financial statements comply with the Companies Act 2016, applicable approved accounting standards in Malaysia and Listing Requirements of Bursa Securities.

Hence, in presenting the annual Audited Financial Statements and quarterly financial results, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects. The AC reviews the Group's quarterly financial results and annual Audited Financial Statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval. The AC and the Board are required, amongst others, to ensure that the financial statements prepared are drawn up in accordance with the applicable approved accounting standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the financial position of the Company and the Group.

To maintain an effective communication with the Company's stakeholders, the Board communicates information on the operations, activities and performance of the Group through its annual report, various corporate announcements made to Bursa Securities, the Company's website, continuous stream of active dialogues, discussions or briefings with the press, fund managers and analysts through planned programme of investor relations activities. Stakeholders may direct their queries or concerns to the Company through www.scientex.com.my/contact/.

- **CONDUCT OF GENERAL MEETINGS**

The general meetings serve as an important channel for shareholders' communication. Notice of the general meetings will be sent to shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days prior to the meeting where any special resolution is to be proposed or where it is an AGM, together with the annual report. The Board ensures all relevant information is disclosed to the shareholders to enable them to exercise their rights and hence, each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution. In line with good CG practice, the notice of 51st AGM was issued 28 days before the AGM date.

In line with Paragraph 8.29A of the Listing Requirements of Bursa Securities, the Board has implemented poll voting for all the resolutions set out in the notice of general meetings and appointment of at least one (1) independent scrutineer to validate the votes cast at the general meetings. The Company has leveraged on technology to facilitate electronic voting for the conduct of poll on all proposed resolutions to expedite verifications and counting of votes, reduce administrative cost and paper work. The outcome of the general meetings is announced to Bursa Securities on the same day after the meetings are concluded and the announcement is accessible at www.bursamalaysia.com/market/listed-companies/company-announcements/#/?category =all or via www.scientex.com.my/announcements/.

At general meetings, shareholders are given opportunity and time to express their views or raise questions in connection with the Company's financial performance, business operations, corporate governance, corporate proposals and other matters affecting shareholders' interests. The Directors and senior management as well as the auditors and advisers of the Company are present in person at the general meetings and to respond to any questions raised by the shareholders. The summary of the key matters discussed at the general meeting is published in the Company's website and accessible at www.scientex.com.my/investors-faq/. In addition, as and when necessary, a press conference will be held immediately following the conclusion of the general meetings where the Directors brief the press, and answer relevant questions on the Group's operations and financial performance.

CURRENT KEY FOCUS AREAS AND FUTURE PRIORITIES IN RELATION TO CG

For the current financial year, the Board had adopted the Whistleblowing Policy that demonstrated the Group's commitment to integrity and ethical conduct in the way we conduct our business and operations as well as ensuring the tenure of the INED not exceeding nine (9) years. Moving forward, the Board will continue to explore the possibility for the adoption of the best practices which are currently under departure and observe the recommendations of the best practices of MCCG 2017.

This CG Overview Statement was approved in accordance with the resolution of the Board on 23 October 2019.

Additional Compliance Information

1. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 July 2019 are as follows:-

Type of Services / External Auditors			Fees (RM'000)	
			Company	Group
Audit	:	Deloitte PLT	32	663
	:	Deloitte PLT's Affiliates	-	120
	:	Other Auditors	-	169
		Total Audit Fees	32	952
Non-Audit	:	Deloitte PLT	8	18
	:	Deloitte PLT's Affiliates	-	467
		Total Audit and Non-Audit Fees	40	1,437

The Group engaged the external auditors and its affiliates for the following non-audit services:-

i) to review the Statements on Risk Management and Internal Control of the Company and a listed subsidiary;
ii) to conduct due diligence for the acquisition of new subsidiary;
iii) to prepare the transfer pricing documentations of the Company's subsidiaries; and
iv) to conduct sales and service tax training for the employees.

2. Material Contracts

There were no material contracts entered into by or subsisting between the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 July 2019.

3. Scientex Berhad Share Grant Plan

Under the Scientex Berhad Share Grant Plan ("SGP") which is the only share issuance scheme of the Company in the financial year ended 31 July 2019, the Company granted and vested 307,000 new ordinary shares to the eligible employees of the Company and/or its subsidiaries during the financial year ended 31 July 2019. Further information of the SGP is set out in the Report of the Directors and Note 25(b) to the Audited Financial Statements of the Company for the financial year ended 31 July 2019.

Details of the number of new ordinary shares ("Shares") granted, vested and outstanding pursuant to the SGP since the commencement of the SGP on 21 January 2014 and during the financial years 2015 to 2019 are set out below:-

For the financial year ended 31 July 2015	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	357,000	-	40,800	316,200
Number of Shares Vested	357,000	-	40,800	316,200
Number of Shares Outstanding	-	-	-	-

For the financial year ended 31 July 2016	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	472,000	-	48,000	424,000
Number of Shares Vested	472,000	-	48,000	424,000
Number of Shares Outstanding	-	-	-	-

Additional Compliance Information

For the financial year ended 31 July 2017	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	3,558,000	-	542,400	3,015,600
Number of Shares Vested	3,558,000	-	542,400	3,015,600
Number of Shares Outstanding	-	-	-	-

For the financial year ended 31 July 2018	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	142,000	-	19,000	123,000
Number of Shares Vested	142,000	-	19,000	123,000
Number of Shares Outstanding	-	-	-	-

For the financial year ended 31 July 2019	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	307,000	-	40,000	267,000
Number of Shares Vested	307,000	-	40,000	267,000
Number of Shares Outstanding	-	-	-	-

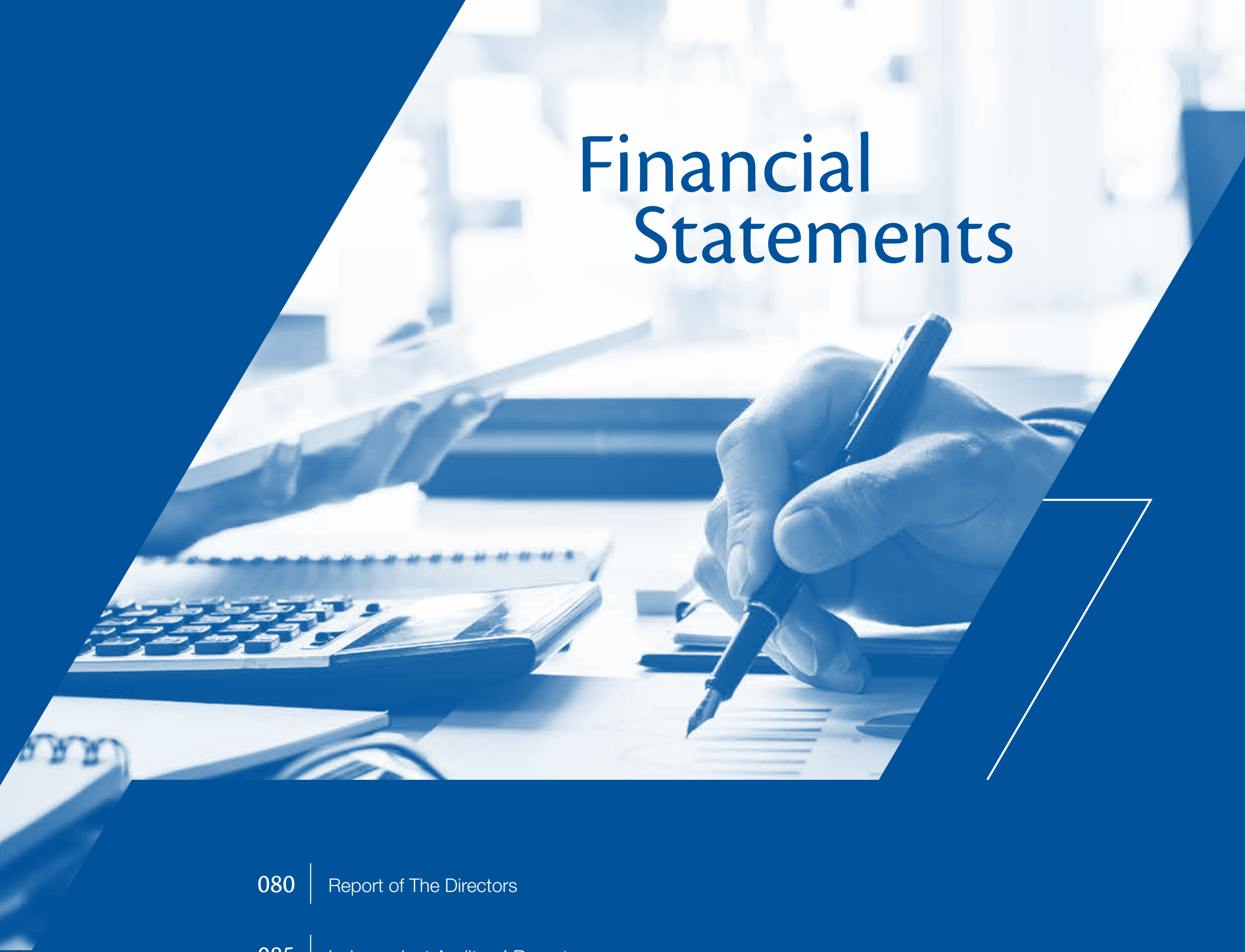
Based on the By-Laws of the SGP, the total number of Shares that may be awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee, subject to the following:-

i) The total number of Shares which may be awarded to the selected eligible employees under the SGP shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the SGP;

ii) The allocation to an eligible employee, who either singly or collectively, through persons connected with the eligible employee, holds 20% or more of the issued shares of the Company (excluding treasury shares), must not exceed 10% of the total number of Shares to be issued under the SGP; and

iii) Not more than 50% of the Shares to be issued under the SGP shall be allocated to the eligible employees who are in senior management of the Group.

As at 31 July 2019, 13.03% and 14.27% of the SGP Shares have been granted and vested to the senior management during the financial year ended 31 July 2019 and since the commencement of the SGP respectively. None of the Shares were granted or vested to the Directors of the Company under the SGP.



Financial Statements

Report of The Directors

The directors of **SCIENTEX BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 15, 17 and 18 to the financial statements respectively.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit for the year	345,908	211,989
Profit attributable to:		
Owners of the Company	333,697	211,989
Non-controlling interests	12,211	-
	345,908	211,989

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the acquisition of a subsidiary as disclosed in Note 15 to the financial statements.

DIVIDENDS

Dividends paid and declared since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 July 2018:	
Single tier final dividend of 10 sen per ordinary share declared on 5 December 2018 and paid on 18 January 2019	48,923
In respect of the financial year ended 31 July 2019:	
Single tier interim dividend of 10 sen per ordinary share declared on 26 June 2019 and paid on 23 July 2019	51,526
	100,449

The directors had on 26 September 2019 proposed a single tier final dividend of 10 sen per ordinary share amounting to approximately RM51,526,000 in respect of the financial year ended 31 July 2019. The proposed single tier final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liabilities in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2020.

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.

Continued

ISSUE OF SHARES

During the financial year, the Company increased its issued shares from 488,926,500 ordinary shares to 515,261,472 ordinary shares by way of:

(a) new issue of 307,000 ordinary shares at an issue price of RM9.38 per ordinary share pursuant to the Scientex Berhad Share Grant Plan ("SGP"); and

(b) new issue of 26,027,972 ordinary shares at an issue price of RM8.80 per ordinary share pursuant to the acquisition and mandatory general take-over offer of Daibochi Berhad ("Daibochi").

The new ordinary shares issued rank pari-passu in all respects with the existing ordinary shares of the Company. Further relevant details of the issuance of shares are disclosed in Note 25 to the financial statements.

As at 31 July 2019, the total number of issued shares of the Company was 515,261,472 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

TREASURY SHARES

The Company did not purchase any of its issued ordinary shares from the open market during the financial year.

As at 31 July 2019, the Company held a total of 100 ordinary shares as treasury shares out of its 515,261,472 issued ordinary shares. Such treasury shares are held at a carrying amount of RM720. Further relevant details are disclosed in Note 26(c) to the financial statements.

SHARE GRANT PLAN ("SGP")

The SGP was approved by the shareholders on 17 December 2013 and is administered by the SGP Committee which is appointed by the Board of Directors, in accordance with the SGP By-Laws. The SGP was in force for a period of 5 years from the effective date of 21 January 2014 to 20 January 2019. During the financial year, the Company has extended its SGP which expired on 20 January 2019 for another 5 years effective from 21 January 2019 to 20 January 2024 in accordance with the terms and conditions of the SGP By-Laws.

The salient features, terms and conditions, details and vesting conditions of the SGP are as disclosed in Note 25(b) to the financial statements.

During the financial year, the Company granted and vested 307,000 new ordinary shares to the eligible employees of the Company and its subsidiaries under the SGP as disclosed in Note 25(b) to the financial statements. The closing share price as at the date of granting was RM9.38 per ordinary share.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

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

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

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

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

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

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

Continued

OTHER STATUTORY INFORMATION (CONT'D)

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in Note 39 to the financial statements.

DIRECTORS

The directors of the Company in office during the period since the beginning of the financial year to the date of this report are as follows:

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Lim Peng Jin
Lim Peng Cheong
Dato' Noorizah Binti Hj Abd Hamid
Ang Kim Swee
Wong Chin Mun

The directors of the subsidiaries of the Company in office during the period since the beginning of the financial year to the date of this report are as follows:

Lim Peng Jin
Koay Teik Chuan
Choo Seng Hong
Khaw Giet Thye
Gan Kok Khye
Chang Siew Sian
Choo Chee Meng
Goh Tian Chin
Phang Chi Ming
Wong Chee Kheong
Datuk Lim Kok Boon
Yasuo Nagae
Frengky
Chew Yew Kwong
Tadaaki Koyama
Takeshi Nishimura
Tan Lian Kung
Kaoru Watanabe
Chih Chien May (Chi Jingmei)
Tan Yong Hee
Lew Wan Hong @ Law Wan Hong
Ng Boon Eu
Yau Kuan Yee
Tan Chee Seng (appointed on 1 February 2019)
Heng Fu Joe[#]
Lim Soo Koon[#]
Low Geoff Jin Wei[#]
Caroline Ang Choo Bee[#]
Faris Salim Cassim[#]
Heong Mun Foo (appointed on 4 April 2019)
Wong Pei Pei (appointed on 5 August 2019)
Chang Chee Siong[#]
U Kyaw Win Tun[#]
U Myo Min Kyaw[#]
Tan Chai Koon[#]

[#] Existing directors of the newly acquired subsidiaries of the Company who remained in office upon the completion of the acquisitions.

Continued

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	Balance as at 1.8.2018	Bought	Sold	Balance as at 31.7.2019
Shares in the Company				
Direct interests				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	98,880	-	(10,000)	88,880
Lim Peng Jin	2,414,524	-	-	2,414,524
Lim Peng Cheong	168,320	-	(118,320)	50,000
Ang Kim Swee	101,000	-	-	101,000
Wong Chin Mun	81,000	-	-	81,000
Deemed/Indirect interests				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	260,000	-	(10,000)	250,000
Lim Peng Jin	276,225,578	3,042,700	(500,000)	278,768,278
Lim Peng Cheong	262,781,670	3,391,420	(600,000)	265,573,090
Ang Kim Swee	2,000	-	-	2,000

Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed to have interest in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year did not have any shares or beneficial interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than the fees and benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 35 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARY

The statutory financial year end of Scientex Tsukasa (Vietnam) Co., Ltd. ("STV"), a subsidiary of the Company, does not coincide with the financial year end of the Group. The Company was granted approval from Companies Commission of Malaysia pursuant to Section 247(3) of Companies Act, 2016 for this subsidiary to continue to adopt the financial year end that does not coincide with the Company's financial year end of 31 July. The Company has consolidated the financial position and results of STV based on the unaudited financial statements made up to the financial year of the Group.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a directors and officers liability insurance throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its group of companies. The amount of insurance premium paid during the financial year amounted to RM30,000.

No indemnity was given to or insurance effected for auditors of the Company and of the subsidiaries during the financial year.

Continued

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

In addition to the significant events disclosed elsewhere in this report, other significant and subsequent events are disclosed in Notes 15, 25 and 39 to the financial statements.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 July 2019 is as disclosed in Note 8 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

LIM PENG JIN

LIM PENG CHEONG

Shah Alam, Selangor Darul Ehsan
23 October 2019

Independent Auditors' Report to The Members of Scientex Berhad

(Incorporated in Malaysia)

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of **SCIENTEX BERHAD**, which comprise the statements of financial position as at 31 July 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 170.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2019, and of their financial performance and their cash flows for the 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 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.

Revenue of property development activities recognised over time

The risk

The Group recognises revenue from its property development activities over time using the stage of completion method. The stage of completion is measured using the output method, which is based on the level of completion of physical proportion of contract work to date, certified by professional consultants. Estimated losses are recognised in full when determined. Property development projects and expense estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the extent of the property development projects incurred, the estimated total property development revenue and costs as well as the recoverability of the project undertaken. In making these judgements, the Group has made reference to past experience and by relying on the work of specialists.

Our audit response

We obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for property development activities and performed procedures to evaluate the design and implementation and operating effectiveness of such controls.

We evaluated the stage of completion used by management in their recognition of revenue against surveys of physical work performed by the Group's specialists. We independently recomputed the percentage of completion determined based on the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs, for comparison purpose and performed site-visits for individually significant ongoing projects to arrive at an overall assessment as to whether information provided by management was reasonable.

We assessed the reasonableness of management-prepared budgets for property development projects against letters of award issued to contractors, challenged management assumptions used in the preparation of the respective budgets and performed retrospective reviews.

Continued

Our audit response (cont'd)

We checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 Scientex Performance Records, 5-Year Group Financial Highlights, Chairman's Statement, Management Discussion and Analysis, Audit Committee Report, Corporate Governance Overview Statement, Additional Compliance Information and Report of the Directors, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed 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 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.

Continued

Auditors' Responsibilities for the Audit of the Financial Statements (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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are as disclosed in Note 15 to the financial statements.

Other Matter

(a) As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 August 2018 with a transition date of 1 August 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 July 2018 and 1 August 2017, 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 ended 31 July 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 July 2019, in these circumstances, include obtaining sufficient appropriate audit evidence that the opening balances as at 1 August 2018 do not contain misstatements that materially affect the financial position as at 31 July 2019 and the financial performance and cash flows for the financial year then ended.

(b) 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 contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

TEO SWEE CHUA
Partner - 02846/01/2020 J
Chartered Accountant

23 October 2019

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 July 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000 (Restated)
Revenue	5	3,247,446	2,602,834
Cost of sales	6	(2,563,509)	(2,091,557)
Gross profit		683,937	511,277
Other income		11,854	13,363
Selling and distribution expenses		(83,422)	(68,350)
Administration expenses		(129,379)	(98,904)
Other expenses		(21,213)	-
Finance costs	7	(15,533)	(10,751)
Share of results of associates and joint venture		4,344	8,049
Profit before tax	8	450,588	354,684
Income tax expense	11	(104,680)	(65,950)
Profit for the year		345,908	288,734
Profit for the year attributable to:			
Owners of the Company		333,697	284,506
Non-controlling interests		12,211	4,228
		345,908	288,734
Earnings per share			
Basic and diluted (sen per share)	12	66.66	58.50

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 July 2019 - continued

	The Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Profit for the year	345,908	288,734
Other comprehensive income/(loss), net of income tax:		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation of foreign operations	4,191	(6,908)
Item that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefits obligations	(1,268)	-
Other comprehensive income/(loss) for the year, net of income tax	2,923	(6,908)
Total comprehensive income for the year, net of income tax	348,831	281,826
Total comprehensive income attributable to:		
Owners of the Company	335,137	278,269
Non-controlling interests	13,694	3,557
	348,831	281,826

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 July 2019 - continued

	Note	The Company 2019 RM'000	The Company 2018 RM'000
Revenue	5	205,367	39,488
Other income		11,387	47
Administration expenses		(4,581)	(2,750)
Finance costs	7	(324)	(53)
Profit before tax	8	211,849	36,732
Income tax credit	11	140	67
Profit for the year		211,989	36,799
Other comprehensive income, net of income tax:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation, representing total other comprehensive income for the year, net of income tax		84	-
Total comprehensive income for the year, net of income tax		212,073	36,799

Statements of Financial Position

As at 31 July 2019

	Note	The Group 31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	13	1,247,750	1,150,608	1,012,570
Investment properties	14	17,000	17,000	17,000
Land held for property development	16	721,419	843,946	500,233
Investment in joint venture	17	28,029	27,173	24,115
Investment in associates	18	55,605	34,463	31,180
Other investments	19	20,170	7,508	8,552
Deferred tax assets	29	25,344	33,337	21,668
Goodwill	20	293,703	59,030	12,134
		2,409,020	2,173,065	1,627,452
Current Assets				
Property development costs	16	384,759	232,957	165,068
Inventories	21	321,168	263,561	168,778
Trade receivables	22	595,782	482,688	385,103
Other receivables, deposits and prepaid expenses	23	135,026	59,016	46,178
Tax recoverable		4,082	1,687	891
Cash and cash equivalents	24	257,644	172,316	191,898
		1,698,461	1,212,225	957,916
TOTAL ASSETS		4,107,481	3,385,290	2,585,368
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	25	685,776	453,850	411,843
Reserves	26	1,539,242	1,295,755	1,114,933
Equity attributable to owners of the Company		2,225,018	1,749,605	1,526,776
Non-controlling interests		173,935	69,973	68,416
Total Equity		2,398,953	1,819,578	1,595,192
Non-Current Liabilities				
Borrowings	27	269,846	323,941	166,500
Retirement benefits obligations	28	36,434	31,116	27,803
Deferred tax liabilities	29	72,525	50,638	35,943
		378,805	405,695	230,246
Current liabilities				
Borrowings	27	703,968	610,370	301,190
Trade payables	30	438,245	380,734	315,900
Other payables and accrued expenses	31	158,980	145,136	119,816
Tax liabilities		28,530	23,777	23,024
		1,329,723	1,160,017	759,930
Total Liabilities		1,708,528	1,565,712	990,176
TOTAL EQUITY AND LIABILITIES		4,107,481	3,385,290	2,585,368

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

As at 31 July 2019 - continued

	Note	The Company 31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	13	42,470	43,496	44,542
Investment in subsidiaries	15	773,202	451,106	451,106
Investment in joint venture	17	22,500	22,500	22,500
Investment in associate	18	3,000	3,000	3,000
Other investments	19	16,245	4,685	4,685
		857,417	524,787	525,833
Current Assets				
Deposits and prepaid expenses	23	274	360	431
Cash and cash equivalents	24	3,232	3,921	1,379
		3,506	4,281	1,810
TOTAL ASSETS		860,923	529,068	527,643
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	25	685,776	453,850	411,843
Reserves	26	161,290	41,442	102,090
Total Equity		847,066	495,292	513,933
Non-Current Liabilities				
Retirement benefits obligations	28	7,465	7,181	7,181
Deferred tax liabilities	29	5,537	5,718	5,811
		13,002	12,899	12,992
Current Liabilities				
Borrowings	27	-	20,000	-
Other payables and accrued expenses	31	842	871	713
Tax liabilities		13	6	5
		855	20,877	718
Total Liabilities		13,857	33,776	13,710
TOTAL EQUITY AND LIABILITIES		860,923	529,068	527,643

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes In Equity

For the financial year ended 31 July 2019

The Group	Share capital RM'000	Treasury shares RM'000	Non-distributable reserves: Property revaluation surplus RM'000	Non-distributable reserves: Foreign currency translation reserve RM'000	Non-distributable reserves: Other reserves RM'000	Distributable reserve: Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 August 2017, as previously reported	411,843	(1)	55,799	11,142	461	1,056,220	1,535,464	68,416	1,603,880
Effect of adoption of MFRS 15 (Note 40)	-	-	-	-	-	(8,688)	(8,688)	-	(8,688)
As at 1 August 2017, as restated	411,843	(1)	55,799	11,142	461	1,047,532	1,526,776	68,416	1,595,192
Profit for the year	-	-	-	-	-	284,506	284,506	4,228	288,734
Other comprehensive loss for the year	-	-	-	(6,237)	-	-	(6,237)	(671)	(6,908)
Total comprehensive income for the year	-	-	-	(6,237)	-	284,506	278,269	3,557	281,826
Dividend Reinvestment Plan [Note 25(c)]	40,767	-	-	-	-	(184)	40,583	-	40,583
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	1,240	-	-	-	-	-	1,240	-	1,240
Dividends (Note 32)	-	-	-	-	-	(97,263)	(97,263)	(2,000)	(99,263)
As at 31 July 2018, as restated	453,850	(1)	55,799	4,905	461	1,234,591	1,749,605	69,973	1,819,578
As at 1 August 2018, as previously reported	453,850	(1)	55,799	4,905	461	1,248,579	1,763,593	69,973	1,833,566
Effect of adoption of MFRS 15 (Note 40)	-	-	-	-	-	(13,988)	(13,988)	-	(13,988)
Effect of adoption of MFRS 9 (Note 19)	-	-	-	-	-	10,869	10,869	-	10,869
As at 1 August 2018, as restated	453,850	(1)	55,799	4,905	461	1,245,460	1,760,474	69,973	1,830,447
Profit for the year	-	-	-	-	-	333,697	333,697	12,211	345,908
Other comprehensive income/(loss) for the year	-	-	-	2,763	-	(1,323)	1,440	1,483	2,923
Total comprehensive income for the year	-	-	-	2,763	-	332,374	335,137	13,694	348,831
Issuance of ordinary shares for acquisition of a subsidiary [Note 25(a)]	229,046	-	-	-	-	(2,070)	226,976	-	226,976
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	96,472	96,472
Realisation of revaluation surplus	-	-	(922)	-	-	922	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	2,880	-	-	-	-	-	2,880	-	2,880
Dividends (Note 32)	-	-	-	-	-	(100,449)	(100,449)	(6,204)	(106,653)
As at 31 July 2019	685,776	(1)	54,877	7,668	461	1,476,237	2,225,018	173,935	2,398,953

Statements of Changes In Equity

For the financial year ended 31 July 2019 - continued

The Company	Share capital RM'000	Treasury shares RM'000	← Non-distributable reserves → Property revaluation surplus RM'000	Other reserves RM'000	Distributable reserve Retained earnings RM'000	Total equity RM'000
As at 1 August 2017	411,843	(1)	20,018	68	82,005	513,933
Profit for the year/Total comprehensive income for the year	-	-	-	-	36,799	36,799
Dividend Reinvestment Plan [Note 25(c)]	40,767	-	-	-	(184)	40,583
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	1,240	-	-	-	-	1,240
Dividends (Note 32)	-	-	-	-	(97,263)	(97,263)
As at 31 July 2018	453,850	(1)	20,018	68	21,357	495,292
As at 1 August 2018, as previously reported	453,850	(1)	20,018	68	21,357	495,292
Effect of adoption of MFRS 9 (Note 19)	-	-	-	-	10,294	10,294
As at 1 August 2018, as restated	453,850	(1)	20,018	68	31,651	505,586
Profit for the year	-	-	-	-	211,989	211,989
Other comprehensive income for the year	-	-	-	-	84	84
Total comprehensive income for the year	-	-	-	-	212,073	212,073
Issuance of ordinary shares for acquisition of a subsidiary [Note 25(a)]	229,046	-	-	-	(2,070)	226,976
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	2,880	-	-	-	-	2,880
Dividends (Note 32)	-	-	-	-	(100,449)	(100,449)
As at 31 July 2019	685,776	(1)	20,018	68	141,205	847,066

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

For the financial year ended 31 July 2019

	The Group	
	2019 RM'000	**2018 RM'000 (Restated)**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	450,588	354,684
Adjustments for:		
Depreciation of property, plant and equipment	92,283	71,711
Finance costs	15,533	10,751
Increase in liability for defined benefit plan	4,988	3,919
Unrealised loss on foreign exchange	4,956	3,694
Share grant plan expense	2,880	1,240
Impairment loss on trade receivables	1,598	177
Write off/(Write back) of bad debts	89	(33)
Property, plant and equipment written off	9	39
Share of results of associates and joint venture	(4,344)	(8,049)
Interest income	(3,937)	(5,308)
Fair value gain on other investments	(1,781)	-
Dividend income	(1,113)	(331)
Reversal of impairment loss on trade receivables	(1,085)	(100)
Gain on disposal of property, plant and equipment	(977)	(318)
(Write back)/Write off of inventories	(47)	2,623
Operating Profit Before Working Capital Changes	559,640	434,699
Movement in working capital:		
(Increase)/Decrease in:		
Inventories	20,771	(41,002)
Property development costs	84,062	102,118
Receivables	(35,378)	(37,131)
Increase in payables	16,991	14,382
Cash Generated From Operations	646,086	473,066
Income tax paid	(88,168)	(80,076)
Retirement benefits obligations paid	(953)	(566)
Net Cash From Operating Activities	556,965	392,424

Statements of Cash Flows

For the financial year ended 31 July 2019 - continued

	The Group	
	2019 RM'000	**2018 RM'000 (Restated)**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	3,937	5,308
Proceeds from disposal of property, plant and equipment	3,440	425
Reduction in purchase consideration of a subsidiary	1,758	-
Dividend income received	1,729	2,039
Purchase of land held for development	(97,693)	(495,038)
Acquisition of a subsidiary, net of cash and cash equivalents acquired (Note 15)	(80,123)	(147,377)
Purchase of property, plant and equipment	(48,324)	(64,567)
Deposit paid for purchase of plant and equipment	(39,226)	(3,297)
Deposit paid for purchase of land held for development	(31,594)	(1,379)
Deposit paid for acquisition of a subsidiary	(12,500)	-
Purchase of other investments	(12)	-
Proceeds from disposal of other investments	-	1,050
Net Cash Used In Investing Activities	(298,608)	(702,836)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from short-term borrowings	30,551	201,353
Dividends paid to:		
Shareholders of the Company	(100,449)	(56,496)
Non-controlling shareholders of subsidiaries	(6,204)	(2,000)
Repayment of SUKUK Murabahah	(50,000)	-
Finance costs paid	(29,798)	(15,361)
Net (repayment)/drawdown of term loans	(15,059)	163,518
Expenses incurred in connection with issuance of shares	(2,070)	-
Dividend reinvestment plan expenses	-	(184)
Net Cash (Used In)/From Financing Activities	(173,029)	290,830
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	85,328	(19,582)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	172,316	191,898
CASH AND CASH EQUIVALENTS AT END OF YEAR (REPRESENTING CASH AND BANK BALANCES) (NOTE 24)	257,644	172,316

Statements of Cash Flows

For the financial year ended 31 July 2019 - continued

	The Company	
	2019 RM'000	**2018 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	211,849	36,732
Adjustments for:		
Depreciation of property, plant and equipment	1,026	1,046
Increase in liability for defined benefit plan	368	-
Finance costs	324	53
Dividend income	(205,247)	(39,368)
Fair value gain on other investment	(1,254)	-
Interest income	(155)	(42)
Operating Profit/(Loss) Before Working Capital Changes	6,911	(1,579)
Movement in working capital:		
Decrease in receivables	86	71
(Decrease)/Increase in payables	(30)	158
Cash Generated From/(Used In) Operations	6,967	(1,350)
Income tax paid	(33)	(25)
Net Cash From/(Used In) Operating Activities	6,934	(1,375)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividend income received	205,247	39,368
Interest received	155	42
Acquisition of a subsidiary	(93,050)	-
Purchase of other investment	(12)	-
Net Cash From Investing Activities	112,340	39,410
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from subsidiaries in respect of share grant plan	2,880	1,240
Dividends paid	(100,449)	(56,496)
(Repayment of)/Proceeds from short-term borrowing	(20,000)	20,000
Finance costs paid	(324)	(53)
Expenses incurred in connection with issuance of shares	(2,070)	-
Dividend reinvestment plan expenses	-	(184)
Net Cash Used In Financing Activities	(119,963)	(35,493)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(689)	2,542
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,921	1,379
CASH AND CASH EQUIVALENTS AT END OF YEAR (REPRESENTING CASH AND BANK BALANCES) (NOTE 24)	3,232	3,921

The accompanying Notes form an integral part of the Financial Statements.

Notes to The Financial Statements

For the financial year ended 31 July 2019

1. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 15, 17 and 18 respectively.

The Company's registered office and principal place of business are located at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 23 October 2019.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company for the financial year ended 31 July 2019 are the first set of financial statements prepared in accordance with MFRS, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. The MFRS Framework is effective for the Group and the Company from 1 August 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant financial statements is 1 August 2017.

As provided in MFRS 1, a first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3 *Business Combinations*, MFRS 9 *Financial Instruments* and MFRS *10 Consolidated Financial Statements* retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS.

In conjuction with the adoption of MFRS Framework, the Group and the Company have reassessed the current accounting policies. Except for the changes arising from the adoption of the MFRS Framework as disclosed in Note 40, the accounting policies and the presentation adopted for these financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 July 2018.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 August 2017 and throughout all comparable periods presented, as if these policies had always been in effect. Comparative information in these financial statements has been restated to give effect to above changes.

The financial impacts of the transition to MFRS Framework are disclosed in Note 40.

New and Revised Standards, Amendments to MFRS and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised MFRS, amendments to MFRS and IC Interpretation which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[3]
Amendments to MFRS 3	Definition of Business[2]
Amendments to MFRS 9	Prepayments Features with Negative Compensation[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 101 and MFRS 108	Definition of Material[2]
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement[1]
IC Interpretation 23	Uncertainty over Income Tax Payments[1]

Annual Improvements to MFRSs 2015 - 2017 Cycle[1]
Amendments to References to the Conceptual Framework in MFRS Standards[2]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective date deferred to a date to be announced by MASB

Continued

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

New and Revised Standards, Amendments to MFRS and IC Interpretations in issue but not yet effective (cont'd)

The directors anticipate that the abovementioned MFRSs, amendments to MFRS and IC Interpretation will be adopted in the annual financial statements of the Group and the Company when they become effective. The adoption of these Standards, Amendments and IC Interpretation are not expected to have significant impact on the financial statements of the Group and the Company in the period of initial application, except as disclosed below:

MFRS 16 *Leases*

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use ("ROU") asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Standard will affect primarily the accounting for the Group and the Company leases previously recognised as operating leases under MFRS 117 *Leases*.

At the date of initial application, all ROU assets will be measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application.

The Group and the Company intend to apply the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied. Based on assessment undertaken to-date, the adoption of this Standard would impact on the Group's financial position with the recognition of ROU assets and lease liabilities.

The Group is currently assessing the impact on the financial statements consequent upon adopting the above standard on the effective dates.

IFRIC Agenda Decision on MFRS 123 *Borrowing Costs*

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

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing costs* and, therefore, capitalises any directly attributable costs.

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

(a) Any receivable and contract asset that the entity recognises is not a qualifying asset.

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

On 20 March 2019, the Malaysian Accounting Standards Board announced that an entity shall apply the change accounting policy as a result of the IFRIC Agenda Decision to financial statements with annual periods beginning on or after 1 July 2020.

The Group is currently assessing the impact to the financial statements on the change in accounting policy pursuant to the IFRIC Agenda Decision.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the historical cost basis except as disclosed in the significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (cont'd)

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 another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transaction that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;
- Level 2 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 are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment 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 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interests were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date - and is subject to a maximum of one year.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") that is expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in Associates and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Associates and Joint Venture (cont'd)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or 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 its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the interest in the associate or joint venture that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

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

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

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

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

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

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

Sales of goods

Revenue from the sale of goods is recognised at a point in time when the products have been transferred to the customers and coincide with the delivery of products and acceptance by customers.

Rendering of services

Revenue from rendering of management and technical services is recognised over time when the services have been rendered by reference to the contracts entered into.

Property development revenue

The Group recognises revenue over time using the output method, which is based on the level of completion of physical proportion of contract work to date, certified by professional consultants. Control of the asset is transferred over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Revenue from property development projects is accounted for using the percentage of completion method where the outcome of the development activity can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the financial year. The percentage/stage of completion is determined by the surveys of physical work performed of the property development work.

Sale of completed properties

Revenue from sale of completed properties is recognised at a point in time upon the finalisation of sale and purchase agreements by the end of the financial year and when the control of the properties has been passed to the customers.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably).

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income is recognised on a straight line basis over the tenure of the rental period of properties.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;

(b) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(c) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(d) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint venture not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange difference arising are recognised in other comprehensive income.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Employee Benefits

Short-Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

Post-Employment Benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the countries in which they operate. These benefit plans are either defined contribution or defined benefit plans.

(a) Defined Contribution Plans

The Group and the Company make statutory contributions to approved provident funds and the contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined Benefit Plan

The Group and the Company operate an unfunded defined benefit lump sum plan covering eligible employees. The retirement benefit accounting cost is assessed using the Projected Unit Credit Method, with actuarial valuation being carried out every five years.

The retirement benefit obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

The Group adopts the option offered by the Amendments to MFRS 119, *Employee Benefits*, to recognise through other comprehensive income all actuarial gains and losses.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group have reviewed the Group's investment property portfolio and concluded that none of the Group's investment property is held under a business model whose objectives is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment property based on the expected rate that would apply on disposal of the investment property.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Current and Deferred Tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Impairment of Non-financial Assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or its cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment, except for freehold land and buildings, are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its land and building every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the property revaluation surplus account, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the property revaluation surplus account.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the property revaluation surplus account in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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 future economic benefits associated with the cost will flow to the Group and the Company 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. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

Depreciation is calculated to write off the cost or valuation of assets (other than freehold land and capital work-in-progress) to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation period and rates are as follows:

Long-term leasehold land	42 to 99 years
Buildings	2% - 7%
Staff quarters and apartment	2%
Plants and machinery, tools and equipment	5% - 20%
Office equipment, furniture and fittings	5% - 40%
Motor vehicles	20% - 25%

Freehold land is not depreciated. Capital work-in-progress represents factory buildings and machineries under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

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

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

Investment Properties

Investment properties carried at fair value

Investment properties are properties which are owned 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 measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the property is derecognised.

Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Inventories

Materials and goods

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Completed property units: cost of construction materials and raw materials comprises costs of purchase and other direct charges. The cost of completed properties, determined on specific identification basis, comprise cost of land, construction and appropriate development expenditure.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories (cont'd)

Materials and goods (cont'd)

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

Land Held for Property Development

Land held for property development and costs attributable to the development activities which are held for future development where no significant development has been undertaken, is stated at lower of cost and net realisable value.

Land held for property development is classified as property development costs under current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property Development Costs

Property development costs are determined on a specific identification basis. Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that meet the definition of inventories are recognised as an asset and stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date. Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liability is recognised as revenue when the Group performs its obligation under the contracts.

Contract Costs

The Group recognises the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incur to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in profit and loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Segment Reporting

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

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Financial Instruments

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial Assets

Accounting policies applied from 1 August 2018

(i) Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset (unless it is a trade receivable without significant financing component) or a financial liability at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance. Transaction costs of financial assets at FVTPL are recognised immediately in profit or loss.

Trade receivables without a significant financing component are initially measured at transaction price in accordance with MFRS 15.

Regular way of purchase or sale of a financial asset is recognised on the trade date, the date on which the Group and the Company commit to purchase or sell an asset.

(ii) Classification and Subsequent Measurement

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured at fair value (either through other comprehensive income ("FVTOCI") or through profit or loss ("FVTPL")); and

(b) those to be measured at amortised cost

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Accounting policies applied from 1 August 2018 (cont'd)

(ii) Classification and Subsequent Measurement (cont'd)

The classification depends on the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gain and losses will be recorded in either profit or loss or other comprehensive income ("OCI").

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

(a) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding are classified as financial assets at amortised cost. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less accumulated impairment.

Interest income from these financial assets is calculated using the effective interest rate method and is recognised in profit or loss.

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 exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. For credit-impaired financial assets the effective interest rate shall be applied to the amortised cost of the financial asset in subsequent reporting periods.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

This category comprises investment in equity instruments which are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in fair value of the investments in OCI. The election is made on an investment by-investment basis. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Dividend income from these investments is recognised in profit or loss when the right to receive payment of the dividend is established.

The Group and the Company subsequently measure all investments in equity instruments at fair value.

(c) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Fair value changes are recognised in profit or loss in the period in which it arises.

(iii) Impairment of financial assets and contract assets

An impairment loss is recognised in profit or loss based on expected credit losses ("ECL") at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the end of reporting period.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment of trade receivables, contract assets and lease receivables at lifetime ECL. The ECL are estimated based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Accounting policies applied from 1 August 2018 (cont'd)

(iii) Impairment of financial assets and contract assets (cont'd)

To measure the ECL, 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. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For other financial assets such as other receivables and amount due from intercompany, the Group and the Company recognise lifetime ECL 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 and the Company measure the impairment losses for that financial instrument at an amount equal to 12-month ECL.

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

At the end of each reporting period, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

Deposits and bank balances of the Group and the Company are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Group and the Company do not expect any losses from default or non-performance by the counterparties.

(iv) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss, except for the derecognition of an investment in equity instruments measured at FVTOCI, the cumulative gain or loss is transferred within equity, not recognised in profit or loss.

Accounting policies applied prior to 1 August 2018

The Group has elected not to restate comparative information in the year of application of MFRS 9. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

(i) Classification and Subsequent Measurement

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Accounting policies applied prior to 1 August 2018 (cont'd)

(i) Classification and Subsequent Measurement (cont'd)

Effective interest method

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 exactly 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) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Accounting policies applied prior to 1 August 2018 (cont'd)

(i) Classification and Subsequent Measurement (cont'd)

AFS financial assets (cont'd)

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial assets because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

Accounting policies applied prior to 1 August 2018 (cont'd)

(ii) Impairment of financial assets (cont'd)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(iii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity Instruments (cont'd)

(iii) Financial liabilities (cont'd)

Financial liabilities at FVTPL (cont'd)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(v) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- Accounting policy applied from 1 August 2018

  the amount of the impairment loss determined in accordance with MFRS 9 *Financial Instruments*; and

  Accounting policy applied prior to 31 July 2018

  the amount of the obligation under the contract, as determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, term deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value, against which bank overdrafts, if any, are deducted.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the Group and of the Company within the next financial year is disclosed below.

Depreciation of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Impairment losses of trade receivables

The Group and the Company recognise impairment loss for financial assets based on assumption about risk of default and expected credit loss rates. The Group and the Company use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed.

Property development projects

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a project is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the progress towards satisfaction of performance obligations are reflected in property development and contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development and contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Note 3 describes the Group's policy to recognise revenue from sales of properties by reference to the progress towards satisfaction of performance obligations. Property development revenue is recognised in respect of all development units that have been sold.

As at 31 July 2019, the Group recognised revenue of RM859,931,000 and cost of RM507,920,000, respectively arising from the property development activities recognised over time using the stage of completion method.

Fair value of investment property

The directors use their judgement in selecting and applying an appropriate valuation technique, by relying on the work of independent firm of valuers, for investment property stated at fair value. Fair value is determined using open-market value based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Impairment of goodwill

The determination of the recoverable amount of the CGU assessed in the annual goodwill impairment test requires an estimate of the fair value net of disposal costs and the value-in-use. The assessment of the value-in-use requires assumptions to be made with respect of the operating cash flows of the CGU as well as the discount rate.

Evaluation for impairment is significantly impacted by estimates of future prices for the products, the evolution of expenses, economic trends in the local and international sectors, expectations of long-term development of growing markets and other factors. The results of such evaluation are also impacted by the discount rates and perpetual growth rate used.

The carrying amount of the goodwill at the end of the reporting period is disclosed in Note 20.

Net realisable value of completed property units

Inventories of completed property units are stated at the lower of cost and net realisable value. The Group determines net realisable value based on historical trends and management estimates of future products demand and related pricing. Possible changes in these estimates could result in revisions to the valuation of inventories. Details are disclosed in Note 21.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unused tax credit to the extent that it is probable that future taxable profits will be available against which these losses and capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in Note 29.

Purchase price allocation

As disclosed in Note 15, the Group completed the purchase price allocation exercise in relation to the acquisition of Klang Hock Plastic Industries Sdn. Bhd. ("KHPI") with the assistance of an external professional advisor to determine the fair values of the net identifiable assets and liabilities of KHPI acquired in previous financial year pursuant to the requirements of MFRS 3. Significant management judgement was involved in determining the fair value of the identifiable assets and liabilities based on acceptable valuation procedures and practices that rely on the use of numerous reasonable assumptions.

Valuation of other investments at fair value through profit or loss ("FVTPL")

The Group and the Company measure other investments at FVTPL at fair value. The fair values of certain investments in unquoted equity are determined based on valuation techniques which involve the use of estimates as disclosed in Note 19. In addition, the measurements of these financial assets are disclosed in Note 19.

Continued

5. REVENUE

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue from contracts with customers:				
Sale of goods	2,357,807	1,904,616	-	-
Property development:				
Sale of properties under development	859,931	672,194	-	-
Sale of completed properties	27,909	25,013	-	-
Management fees from associate	120	120	120	120
	3,245,767	2,601,943	120	120
Revenue from other sources:				
Rental income	581	581	-	-
Gross dividends from:				
Subsidiaries	-	-	203,533	37,350
Associate	-	-	616	1,708
Unquoted shares:				
Outside Malaysia	623	310	623	310
In Malaysia	475	-	475	-
	1,679	891	205,247	39,368
	3,247,446	2,602,834	205,367	39,488
Timing of revenue recognition				
Revenue from contracts with customers:				
At a point in time	2,385,716	1,929,629	-	-
Over time	860,051	672,314	120	120
	3,245,767	2,601,943	120	120

6. COST OF SALES

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Cost of inventories sold:		
Manufacturing	2,036,715	1,677,333
Completed properties	18,874	16,881
Property development costs [Note 16(b)]	507,920	397,343
	2,563,509	2,091,557

Continued

7. FINANCE COSTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expenses on:				
Sukuk Murabahah	14,265	4,610	-	-
Revolving credits	10,932	5,656	324	53
Bankers acceptances	1,695	1,141	-	-
Onshore foreign currency loans	1,519	1,241	-	-
Term loans	1,387	2,713	-	-
	29,798	15,361	324	53
Less: Amount capitalised in land held for property development	(14,265)	(4,610)	-	-
Total finance costs	15,533	10,751	324	53

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss/(Gain) on foreign exchange:				
Realised	16,257	(6,009)	23	(4)
Unrealised	4,956	3,694	-	-
Rental of:				
Buildings	2,327	1,392	-	-
Machinery and equipment	1,927	1,612	-	-
Auditors' remuneration:				
Statutory audit	952	495	32	32
Other services	18	8	8	8
Remuneration of other professional services rendered by affiliates of auditors	467	385	-	-
Write off/(Write back) of bad debts	89	(33)	-	-
Property, plant and equipment written off	9	39	-	-
Interest income	(3,937)	(5,308)	(155)	(42)
Rental income	(3,180)	(3,089)	-	-
Fair value gain on other investments	(1,781)	-	(1,254)	-
Gain on disposal of property, plant and equipment	(977)	(318)	-	-
(Write back)/Write off of inventories	(47)	2,623	-	-
Dividend income	(15)	(21)	-	-

Continued

9. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2019 RM'000	2018 RM'000
Wages, salaries and other emoluments	197,517	144,783
Contributions to defined contribution plan	11,494	9,051
Increase in liability for defined benefit plan (Note 28)	4,988	3,919
Share grant plan	2,880	1,240
Social security contributions	1,429	1,002
	218,308	159,995

The Company does not have any employees since it is an investment holding company and the directors' remuneration is disclosed in Note 10.

During the current financial year, the Company granted and vested 307,000 (2018: 142,000) new ordinary shares to eligible employees of the Group under the Scientex Berhad Share Grant Plan [Note 25(b)].

10. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company, during the financial year are as follows:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	8,870	9,315	460	480
Defined contribution plan	1,597	1,677	83	86
Fees	120	70	120	70
	10,587	11,062	663	636
Non-executive:				
Fees	610	407	610	407
	11,197	11,469	1,273	1,043

11. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Income tax expense/(credit):				
Malaysian income tax	85,364	77,734	42	29
Foreign tax	7,634	4,922	-	-
Real property gain tax	88	-	-	-
Overprovision in prior years	(308)	(2,321)	(1)	(3)
	92,778	80,335	41	26
Deferred tax (Note 29):				
Current year	12,230	(10,751)	(180)	(93)
Overprovision in prior years	(328)	(3,634)	(1)	-
	11,902	(14,385)	(181)	(93)
	104,680	65,950	(140)	(67)

Continued

11. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The below reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Profit before tax	450,588	354,684	211,849	36,732
Tax at statutory tax rate of 24% (2018: 24%)	108,141	85,124	50,844	8,816
Tax effects of:				
Non-taxable income	(6,371)	(761)	(51,979)	(9,459)
Different tax rates in other countries	(4,878)	(3,473)	-	-
Share of results of associates and joint venture	(1,043)	(1,932)	-	-
Non-deductible expenses	7,785	3,650	997	579
Adjustment to deferred tax attributable to changes in real property gain tax rate	2,800	-	-	-
Recognition of deferred tax arising from reinvestment allowances	(1,086)	(11,047)	-	-
Utilisation of capital allowances and other deductible temporary differences previously not recognised	(139)	-	-	-
Deferred tax assets not recognised	19	344	-	-
Real property gain tax	88	-	-	-
Overprovision in prior years:				
Income tax	(308)	(2,321)	(1)	(3)
Deferred tax	(328)	(3,634)	(1)	-
	104,680	65,950	(140)	(67)

A subsidiary of the Group, Daibochi Packaging (Myanmar) Company Limited was granted 5 years income tax exemption from the Myanmar Investment Commission effective from the commencement of its commercial operations on 22 November 2017, expiring on 21 November 2022.

Continued

12. EARNINGS PER ORDINARY SHARE

Basic earnings per share

The calculation of basic earnings per share ("EPS") is based on the consolidated profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as follows:

	The Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Profit for the year attributable to owners of the Company	333,697	284,506

	The Group	
	2019 Units'000	**2018 Units'000**
Weighted average number of ordinary shares in issue	500,572	486,336

	The Group	
	2019	**2018 (Restated)**
Basic EPS (sen)	66.66	58.50

Diluted earnings per share

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

Continued

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Plants and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/Cost									
As at 1 August 2017	114,781	89,752	235,076	1,454	1,037,595	44,034	11,266	96,295	1,630,253
Additions	-	-	1,707	-	15,018	2,780	1,618	38,955	60,078
Disposals	-	-	-	-	(618)	(7)	(2,009)	-	(2,634)
Written off	-	-	-	-	(457)	(26)	-	-	(483)
Reclassification	3,724	-	(3,724)	-	115,610	1,516	-	(117,126)	-
Acquisition of a subsidiary [Note 15(b)]	35,450	-	34,718	-	192,652	7,036	2,415	289	272,560
Exchange differences	(183)	(221)	(1,486)	-	(2,271)	(65)	(19)	878	(3,367)
As at 31 July 2018	153,772	89,531	266,291	1,454	1,357,529	55,268	13,271	19,291	1,956,407
Accumulated depreciation									
As at 1 August 2017	-	3,651	12,234	343	559,966	32,617	8,872	-	617,683
Charge for the year	-	1,168	5,977	29	60,421	2,858	1,258	-	71,711
Disposals	-	-	-	-	(512)	(7)	(2,008)	-	(2,527)
Written off	-	-	-	-	(421)	(23)	-	-	(444)
Acquisition of a subsidiary [Note 15(b)]	-	-	6,374	-	106,798	5,490	2,176	-	120,838
Exchange differences	-	(70)	(134)	-	(945)	(296)	(17)	-	(1,462)
As at 31 July 2018	-	4,749	24,451	372	725,307	40,639	10,281	-	805,799
Net book value									
As at 1 August 2017	114,781	86,101	222,842	1,111	477,629	11,417	2,394	96,295	1,012,570
As at 31 July 2018	153,772	84,782	241,840	1,082	632,222	14,629	2,990	19,291	1,150,608

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Plants and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/Cost									
As at 1 August 2018	153,772	89,531	266,291	1,454	1,357,529	55,268	13,271	19,291	1,956,407
Additions	271	-	521	-	31,447	5,284	1,727	12,004	51,254
Disposals	-	(2,183)	-	(226)	(3,578)	(12)	(1,119)	-	(7,118)
Written off	-	-	-	-	(340)	(103)	(5)	-	(448)
Reclassification	-	-	-	-	11,990	-	-	(11,990)	-
Acquisition of a subsidiary [Note 15(a)]	3,900	11,900	41,703	-	196,106	10,794	3,945	-	268,348
Fair value adjustment [Note 15(b)]	(3,650)	-	(257)	-	(19,570)	(1,049)	-	-	(24,526)
Exchange differences	52	63	447	-	1,342	61	6	266	2,237
As at 31 July 2019	154,345	99,311	308,705	1,228	1,574,926	70,243	17,825	19,571	2,246,154
Accumulated depreciation									
As at 1 August 2018	-	4,749	24,451	372	725,307	40,639	10,281	-	805,799
Charge for the year	-	1,193	7,917	25	78,133	3,431	1,584	-	92,283
Disposals	-	(224)	-	(66)	(3,295)	(12)	(1,058)	-	(4,655)
Written off	-	-	-	-	(340)	(98)	(1)	-	(439)
Acquisition of a subsidiary [Note 15(a)]	-	-	3,133	-	112,308	7,755	2,524	-	125,720
Fair value adjustment [Note 15(b)]	-	-	(6,009)	-	(14,197)	(635)	-	-	(20,841)
Exchange differences	-	43	23	-	447	20	4	-	537
As at 31 July 2019	-	5,761	29,515	331	898,363	51,100	13,334	-	998,404
Net book value									
As at 31 July 2018	153,772	84,782	241,840	1,082	632,222	14,629	2,990	19,291	1,150,608
As at 31 July 2019	154,345	93,550	279,190	897	676,563	19,143	4,491	19,571	1,247,750

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Valuation/Cost						
As at 1 August 2017/ 31 July 2018	32,000	13,000	481	2,815	1,013	49,309
Accumulated depreciation						
As at 1 August 2017	780	722	156	2,567	542	4,767
Charge for the year	390	361	10	84	201	1,046
As at 31 July 2018	1,170	1,083	166	2,651	743	5,813
Valuation/Cost						
As at 1 August 2018/ 31 July 2019	32,000	13,000	481	2,815	1,013	49,309
Accumulated depreciation						
As at 1 August 2018	1,170	1,083	166	2,651	743	5,813
Charge for the year	390	361	10	64	201	1,026
As at 31 July 2019	1,560	1,444	176	2,715	944	6,839
Net book value						
As at 1 August 2017	31,220	12,278	325	248	471	44,542
As at 31 July 2018	30,830	11,917	315	164	270	43,496
As at 31 July 2019	30,440	11,556	305	100	69	42,470

(i) Freehold land and buildings of the Group with a carrying value of RM184,874,000 (31.07.2018: RM185,186,000; 1.8.2017: RM125,670,000) have been charged as security for borrowings (Note 27).

(ii) If the revalued land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Freehold land	111,423	111,423	111,423
Leasehold land	25,910	26,330	26,902
Buildings	78,155	81,058	84,299
	215,488	218,811	222,624

Continued

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Leasehold land	757	772	787
Buildings	3,869	4,051	4,232
	4,626	4,823	5,019

Freehold land, leasehold land and buildings of the Group and the Company were revalued in July 2015 by accredited professional valuers, based on the open market value method. The fair value is categorised as Level 3 of the fair value hierarchy with no transfer between Levels 1 and 2 during the year.

14. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Building RM'000	Total RM'000
As at 1 August 2017, 31 July 2018 and 31 July 2019	12,200	4,800	17,000

The revaluation of the investment properties has been performed by an accredited independent valuer in the financial year ended 31 July 2019, 31 July 2018 and 1 August 2017, based on comparison method. The fair value is categorised as Level 3 of the fair value hierarchy with no transfer between Levels 1 and 2 during the year.

Qualitative information about fair value measurement of investment properties performed using significant unobservable inputs (Level 3) as at 31 July 2019, 31 July 2018 and 1 August 2017:

Valuation Technique	Significant Unobservable Inputs	Range
Comparison method of valuation	Difference in size, location, timing of transaction, freehold/leasehold tenure and improvement on land	5% to 50%

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to RM581,000 (2018: RM581,000). Direct operating expenses arising from the investment properties amounted to RM133,000 (2018: RM131,000).

15. INVESTMENT IN SUBSIDIARIES

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Unquoted shares, at cost:			
At beginning of year	451,106	451,106	301,295
Additions	-	-	149,811
At end of year	451,106	451,106	451,106
Quoted shares, at cost:			
At beginning of year	-	-	-
Additions	322,096	-	-
At end of year	322,096	-	-
	773,202	451,106	451,106
Market value of quoted shares	364,657	-	-

The additions in quoted shares, at cost, during the current financial year are in relation to the newly acquired subsidiary, Daibochi Berhad.

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 31.7.2019 %	31.7.2018 %	1.8.2017 %	Principal Activities
Scientex Quatari Sdn. Bhd. ("SQSB")	Malaysia	100	100	100	Investment holding, property investment and development
Scientex Industries Group Sdn. Bhd. ("SIGSB")[1]	Malaysia	100	100	100	Manufacturing and distribution of polyvinyl chloride ("PVC") films and sheets, PVC leather cloth and PVC sheeting, thermoplastic olefins/ polypropylene ("PP") and PVC/PP foam skin materials for automotive interior, and trading of packaging related materials
Scientex Packaging Film Sdn. Bhd. ("SPFSB")	Malaysia	100	100	100	Manufacturing of stretch film and investment holding
Scientex Management Sdn. Bhd. ("SMSB")	Malaysia	100	100	100	Rendering of management services
Scientex Polymer Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Scientex Tsukasa (Vietnam) Co., Ltd.*	Vietnam	60	60	60	Manufacturing of PP woven bags, fabrics, bulk bags and polyethylene tying tapes
Daibochi Berhad ("Daibochi")[2]	Malaysia	61.89	-	-	Manufacturing and marketing of flexible packaging materials
Subsidiaries of SQSB					
Scientex Heights Sdn. Bhd. ("SHSB")	Malaysia	100	100	100	Property development
Scientex Park (M) Sdn. Bhd.	Malaysia	100	100	100	Property investment and development
Texland Sdn. Bhd.	Malaysia	90	90	90	Property development
Scientex (Skudai) Sdn. Bhd.	Malaysia	100	100	100	Property development
Amber Land Berhad ("ALB")[3]	Malaysia	100	100	100	Property development
Subsidiary of SIGSB					
PT. Scientex Indonesia*	Indonesia	100	100	100	Sales and marketing of laminating polyurethane adhesives

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 31.7.2019 %	31.7.2018 %	1.8.2017 %	Principal Activities
Subsidiaries of SPFSB					
Pan Pacific Straptex Sdn. Bhd.	Malaysia	70	70	70	Manufacturing of PP strapping band
Scientex Great Wall Sdn. Bhd. ("SGW")	Malaysia	90	90	90	Manufacturing of plastic packaging products
Scientex Great Wall (Ipoh) Sdn. Bhd.	Malaysia	100	100	100	Manufacturing of plastic packaging products
Scientex International (S) Pte. Ltd.**	Singapore	100	100	100	Procurement, distribution and trading of resins, chemicals, films and other packaging related products
Scientex Phoenix, LLC ("SPLLC")[4]*	United States of America	100	100	100	Manufactures and sales of industrial stretch film products
Klang Hock Plastic Industries Sdn. Bhd. ("KHPI")	Malaysia	100	100	-	Manufacturing of plastic packaging products
Subsidiary of SGW					
Scientex Distribution Sdn. Bhd.	Malaysia	90	90	90	Dormant
Subsidiary of SMSB					
KC Contract Sdn. Bhd.	Malaysia	65	65	65	Property construction
Subsidiaries of Daibochi					
Daibochi Land Sdn. Bhd.	Malaysia	61.89	-	-	Manufacturing, trading and marketing of flexible packaging material and investment holding
Daibochi Flexibles Sdn. Bhd. ("DFSB")	Malaysia	61.89	-	-	Investment holding
Daibochi Australia Pty. Ltd.*	Australia	61.89	-	-	Importing and marketing of packaging materials
Subsidiary of DFSB					
Daibochi Packaging (Myanmar) Company Limited ("DPM")[5]*	Myanmar	37.13	-	-	Manufacturing and marketing of flexible packaging materials

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

* *Audited by other auditors.*
** *Audited by member firm of the auditors of the Company.*
[1] *During the financial year 2019, SIGSB reduced its share capital from RM45,000,000 comprising 45,000,000 ordinary shares to RM35,000,000 comprising 35,000,000 ordinary shares by cancelling 10,000,000 ordinary shares, and to distribute the credit of RM10,000,000 arising therefrom to the Company.*
[2] *During the financial year 2019, the Company acquired 202,587,460 ordinary shares in Daibochi for a total consideration of RM322,096,000 satisfied by the issuance of 26,027,972 Scientex shares amounting to approximately RM229,046,000 and cash consideration of approximately RM93,050,000.*
[3] *During financial year 2019, SQSB subscribed for additional 15,500,000 ordinary shares in ALB for a total consideration of RM14,725,000.*
[4] *During the financial year 2019, SPFSB invested additional USD10,000,000 in SPLLC.*
[5] *DFSB has been granted approval from Companies Commission of Malaysia pursuant to Section 247(3) of Companies Act, 2016 for DPM to continue adopt the financial year end that does not coincide with the Group's financial year end of 31 July. The Company has consolidated the financial position and results of DPM based on the unaudited financial statements made up to the financial year end of the Group.*

(a) Acquisition and mandatory general take-over offer ("MGO") of a subsidiary

During the financial year 2019, following the completion of MGO on 5 April 2019, the Company acquired 61.89% equity interest in Daibochi (excluding treasury shares) for a total consideration of approximately RM322,096,000.

From the date of acquisition, Daibochi contributed revenue of RM187,236,000 and net profit of RM6,828,000 to the Group's results during the financial year ended 31 July 2019.

The identifiable assets and liabilities arising from the acquisition were as follows:

	Carrying amounts 2019 RM'000	Provisional fair values 2019 RM'000
Property, plant and equipment (Note 13)	134,704	142,628
Investment in an associate	18,270	18,270
Inventories	87,462	78,331
Trade and other receivables	73,010	72,190
Tax recoverable	517	2,951
Cash and bank balances	12,927	12,927
Trade and other payables	(56,722)	(56,722)
Borrowings	(68,231)	(68,231)
Deferred tax liabilities	(13,538)	(15,703)
Net identifiable assets	188,399	186,641
Fair value of net identifiable assets		186,641
Non-controlling interest		(96,472)
Provisional goodwill (Note 20)		231,927
Cost of business combination		322,096

Cash flows on acquisition were as follows:

	2019 RM'000
Total purchase consideration	322,096
Purchase consideration satisfied by issuance of new shares in the Company	(229,046)
Cash and cash equivalents of subsidiary acquired	(12,927)
Net cash outflow of the Group	80,123

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition and MGO of a subsidiary (cont'd)

Provisional accounting of acquisition

The fair value adjustments as at 31 July 2019 and the goodwill are provisional as the Group is currently undertaking a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets. The goodwill on acquisition is now provisionally estimated to be RM231,927,000. Any differences arising will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

(b) Completion of Purchase Price Allocation

During the financial year 2019, the Company completed the purchase price allocation exercise in relation to the acquisition of KHPI with the assistance of an external professional advisor to determine the fair values of the net identifiable assets and liabilities of KHPI acquired in the previous financial year pursuant to the requirements of MFRS 3 *Business Combinations*.

Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as follows:

	Fair value RM'000	Provisional fair values recognised on acquisition RM'000	Fair values adjustment RM'000
Property, plant and equipment (Note 13)	148,037	151,722	(3,685)
Other investments	6	6	-
Inventories	56,404	56,404	-
Trade and other receivables	84,938	81,682	3,256
Tax recoverable	310	310	-
Cash and bank balance	42,623	42,623	-
Trade and other payables	(70,376)	(70,376)	-
Borrowings	(101,856)	(101,856)	-
Tax liabilities	(782)	-	(782)
Deferred tax liabilities	(19,686)	(17,411)	(2,275)
Net identifiable assets	139,618	143,104	(3,486)
Goodwill on consolidation	48,624	46,896	1,728
Cost of business combination	188,242	190,000	(1,758)
Cash flows on acquisition were as follows:			
Purchase consideration satisfied by cash	188,242	190,000	(1,758)
Cash and cash equivalents of a subsidiary acquired	(42,623)	(42,623)	-
Net cash outflow of the Group	145,619	147,377	(1,758)

(c) Non-controlling interests in a subsidiary

Summarised information of subsidiary with non-controlling interests that are material to the Group is set out below. The non-controlling interests of the other subsidiaries are not material to the Group.

	31.7.2019
Daibochi	
Percentage of ownership interest and voting interest (%)	38.11
Carrying amount of non-controlling interest (RM'000)	102,957

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in a subsidiary (cont'd)

	1.3.2019 to 31.7.2019 (5 months) RM'000
Profit allocated to non-controlling interests	5,962
Other comprehensive income allocated to non-controlling interests	1,147

The summarised financial information (before inter-company elimination) of Daibochi is as follows:

	31.7.2019 RM'000
Summarised statement of financial position	
Non-current assets	191,123
Current assets	174,012
Non-current liabilities	(22,659)
Current liabilities	(112,103)
Net assets	230,373

	1.3.2019 to 31.7.2019 (5 months) RM'000
Summarised statement of profit or loss and other comprehensive income	
Revenue	192,914
Profit for the financial period	12,790
Total comprehensive income for the financial period	14,444
Profit for the financial period attributable to non-controlling interests	1,281
Summarised cash flows information	
Net cash from operating activities	35,209
Net cash used in investing activities	(22,334)
Net cash used in financing activities	(7,240)
Net cash inflows	5,635
Other information	
Dividends paid to non-controlling interests	624

Continued

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

The Group	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Cost			
As at 1 August 2017	437,830	62,403	500,233
Acquisition of land	509,110	-	509,110
Costs incurred during the year	29,449	1,505	30,954
Transfer to property development costs [Note 16(b)]	(174,083)	(22,268)	(196,351)
As at 31 July 2018	802,306	41,640	843,946
As at 1 August 2018	802,306	41,640	843,946
Acquisition of land	99,071	-	99,071
Costs incurred during the year	97,335	3,757	101,092
Transfer to property development costs [Note 16(b)]	(321,712)	(978)	(322,690)
As at 31 July 2019	677,000	44,419	721,419

During the financial year 2019, the Group acquired the following freehold lands through its subsidiaries:

(i) SQSB acquired land measuring approximately 17.60 acres in Mukim Hulu Kinta, District of Kinta, State of Perak for a total cash purchase consideration of RM25,600,000.

(ii) SHSB acquired 2 pieces of land measuring approximately 208.90 acres and a piece of land measuring approximately 4.74 acres in Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka for a total cash purchase consideration of RM71,116,000 and RM2,355,000 respectively.

(b) Property development costs

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000 (Restated)	Total RM'000 (Restated)
Cumulative property development costs				
As at 1 August 2017	125,420	51,049	528,002	704,471
Costs incurred during the year	-	652	306,539	307,191
Transfer from land held for property development [Note 16(a)]	174,083	22,268	-	196,351
Reversal of completed projects	(56,288)	(43,777)	(470,089)	(570,154)
Unsold units transferred to inventories	(4,499)	(1,499)	(32,312)	(38,310)
As at 31 July 2018	238,716	28,693	332,140	599,549

Continued

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs (cont'd)

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000 (Restated)	Total RM'000 (Restated)
Cumulative costs recognised in profit or loss				
As at 1 August 2017	(74,388)	(44,462)	(420,553)	(539,403)
Recognised during the year (Note 6)	(109,091)	(18,617)	(269,635)	(397,343)
Reversal of completed projects	56,288	43,777	470,089	570,154
As at 31 July 2018	(127,191)	(19,302)	(220,099)	(366,592)
Property development costs: At 1 August 2017	51,032	6,587	107,449	165,068
At 31 July 2018	111,525	9,391	112,041	232,957
Cumulative property development costs				
As at 1 August 2018	238,716	28,693	332,140	599,549
Costs incurred during the year	-	-	356,366	356,366
Transfer from land held for property development [Note 16(a)]	321,712	978	-	322,690
Reversal of completed projects	(102,653)	-	(166,537)	(269,190)
Unsold units transferred to inventories	(6,267)	-	(13,067)	(19,334)
As at 31 July 2019	451,508	29,671	508,902	990,081
Cumulative costs recognised in profit or loss				
As at 1 August 2018	(127,191)	(19,302)	(220,099)	(366,592)
Recognised during the year (Note 6)	(195,065)	(4,736)	(308,119)	(507,920)
Reversal of completed projects	102,653	-	166,537	269,190
As at 31 July 2019	(219,603)	(24,038)	(361,681)	(605,322)
Property development costs at 31 July 2019	231,905	5,633	147,221	384,759

Continued

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs (cont'd)

The freehold and leasehold lands under development with a carrying amount of RM330,000,000 (31.7.2018: RM312,000,000; 1.8.2017: RM177,000,000) have been charged as a security for borrowings [Note 27(ii)(b)].

Included in the land held for development is interest capitalised of RM14,265,000 (2018: RM4,610,000) (Note 7).

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 July 2019 is RM768,000,000, where the Group expects to recognise it as revenue over the next 1 to 2 years.

The Group has applied the practical expedient in MFRS 15 whereby the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as at 31 July 2018 and 1 August 2017 are not disclosed.

17. INVESTMENT IN JOINT VENTURE

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
In Malaysia:			
Unquoted shares, at cost	22,500	22,500	22,500
Share of post-acquisition reserves	5,529	4,673	1,615
	28,029	27,173	24,115
Share of post-acquisition reserves:			
At beginning of year	4,673	1,615	31
Share of results	856	3,058	1,584
At end of year	5,529	4,673	1,615

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
In Malaysia:			
Unquoted shares, at cost	22,500	22,500	22,500

Details of the joint venture are as follows:

		Proportion of ownership interest and voting power held by the Group			
Name of Joint Venture	**Country of Incorporation**	**31.7.2019 %**	**31.7.2018 %**	**1.8.2017 %**	**Principal Activities**
MCTI Scientex Solar Sdn. Bhd. ("MSS")	Malaysia	50	50	50	Manufacturing and distribution of ethylene-vinyl acetate (EVA) and polyolefin (ASCE) encapsulating materials for photovoltaic solar modules

MSS has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the unaudited financial statements of MSS for the year ended 31 July 2019 have been used.

Continued

17. INVESTMENT IN JOINT VENTURE (CONT'D)

At the Group level, the carrying value of joint venture represents its share of net assets in the joint venture at end of the reporting period. Summarised financial information in respect of the Group's joint venture is as follows:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Assets and Liabilities			
Current assets	53,984	41,978	29,193
Non-current assets	14,730	26,406	38,115
Total assets	68,714	68,384	67,308
Current liabilities	(12,655)	(14,038)	(15,329)
Non-current liabilities	-	-	(3,749)
Total liabilities	(12,655)	(14,038)	(19,078)
Results			
Revenue	60,860	69,416	69,326
Profit for the year	1,712	6,116	3,168

18. INVESTMENT IN ASSOCIATES

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
In Malaysia:			
Unquoted shares, at cost	3,000	3,000	3,000
Arising from acquisition of a subsidiary	18,270	-	-
Share of post-acquisition reserves	34,335	31,463	28,180
	55,605	34,463	31,180
Share of post-acquisition reserves:			
At beginning of year	31,463	28,180	23,135
Share of results	3,488	4,991	5,345
Dividend received	(616)	(1,708)	(300)
At end of year	34,335	31,463	28,180

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
In Malaysia:			
Unquoted shares, at cost	3,000	3,000	3,000

Continued

18. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 31.7.2019 %	31.7.2018 %	1.8.2017 %	Principal Activities
Cosmo Scientex (M) Sdn. Bhd. ("CSM")*	Malaysia	30	30	30	Manufacturing and trading of polyurethane adhesive for flexible packaging applications
Skyline Resources (M) Sdn. Bhd. ("SRSB")*	Malaysia	22.48	-	-	Property development, contract construction works and property investments

* *Audited by other auditors.*

CSM and SRSB have a financial year end of 31 December. For the purpose of applying the equity method of accounting, the unaudited financial statements of CSM and SRSB for the year ended 31 July 2019 have been used.

At the Group level, the carrying value of associates represents the share of net assets in the associates at end of the reporting period. Summarised financial information in respect of the Group's associates are as follows:

	The Group 31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Assets and Liabilities			
Current assets	185,049	99,646	79,922
Non-current assets	68,922	64,534	60,896
Total assets	253,971	164,180	140,818
Current liabilities	(80,855)	(48,740)	(33,955)
Non-current liabilities	(31)	(562)	(2,930)
Total liabilities	(80,886)	(49,302)	(36,885)
Results			
Revenue	237,746	215,709	201,447
Profit for the year	11,595	16,638	17,815

Continued

19. OTHER INVESTMENTS

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Available-for-sale assets:			
At cost:			
Unquoted equity instruments outside Malaysia	-	4,548	4,548
Unquoted equity instruments in Malaysia	-	1,990	3,040
Quoted equity instruments in Malaysia	-	591	585
Corporate memberships	-	480	480
	-	7,609	8,653
Less: Accumulated impairment loss - corporate memberships	-	(101)	(101)
	-	7,508	8,552
At fair value:			
Unquoted equity instruments outside Malaysia	16,096	-	-
Unquoted equity instruments in Malaysia	3,092	-	-
Quoted equity instruments in Malaysia	603	-	-
Corporate memberships	379	-	-
	20,170	-	-

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Available-for-sale assets:			
At cost:			
Unquoted equity instruments outside Malaysia	-	4,548	4,548
Corporate memberships	-	198	198
	-	4,746	4,746
Less: Accumulated impairment loss - corporate memberships	-	(61)	(61)
	-	4,685	4,685
At fair value:			
Unquoted equity instruments outside Malaysia	16,096	-	-
Quoted equity instruments in Malaysia	12	-	-
Corporate memberships	137	-	-
	16,245	-	-

Continued

19. OTHER INVESTMENTS (CONT'D)

The fair value of the unquoted equity instruments are categorised as Level 3 in the fair value hierarchy and are determined based on the adjusted net assets method. Following the adoption of MFRS 9 on 1 August 2018, the Group and the Company classified RM10,869,000 and RM10,294,000 respectively of the unquoted equity instruments previously measured at costs under FRS 139 as financial assets at fair value through profit or loss.

The fair value of quoted equity instruments are determined by reference to the exchange quoted market prices at the close of the business on the reporting date. The fair value of quoted equity instruments are categorised as Level 1 in the fair value hierarchy. Following the adoption of MFRS 9 on 1 August 2018, the Group has made an irrevocable election to classify the Group's equity investment previously measured at costs under FRS 139 as financial assets at fair value through other comprehensive income.

The corporate memberships were classified as financial assets at fair value through profit or loss pursuant to MFRS 9. The fair value of corporate memberships of the Group and of the Company is categorised as Level 2 in the fair value hierarchy.

20. GOODWILL

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
At cost:			
At beginning of year	59,030	12,134	12,134
Effect of acquisition of subsidiaries [Note 15(a)]	231,927	46,896	-
Effect of purchase price allocation [Note 15(b)]	1,728	-	-
Foreign exchange differences	1,018	-	-
At end of year	293,703	59,030	12,134

The additional goodwill of the Group in 2019 arose from the acquisition of Daibochi and the completion of purchase price allocation exercise of KHPI which was acquired in May 2018.

Goodwill arising from the business combination for other subsidiaries are allocated to the CGU of the Group that is expected to benefit from the business combination. The Group's methodology to test goodwill for impairment is described in Note 3.

As disclosed in Note 15(b), the Group completed the purchase price allocation exercise of KHPI with the assistance of an external professional advisor to determine the fair values assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirements of MFRS 3. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as disclosed above.

Goodwill arising from the acquisition of Daibochi is provisional as the Group is currently undertaking a purchase price allocation exercise to determine the fair value of the identifiable assets and liabilities, and to identify and measure intangible assets or contingent liability. The goodwill is now provisionally estimated to be RM231,927,000. As of 31 July 2019, the goodwill arising from the acquisition of Daibochi had not been allocated to a CGU for the purpose of impairment testing. The goodwill remains unallocated to the CGU at the end of the reporting period and the Group has up to 12 months to complete such allocation. The directors are currently identifying the lowest level of CGU within the entity at which the goodwill will be monitored for the purpose of impairment testing.

Key assumptions used

The recoverable amount of the CGU is determined based on the higher of fair value less costs to sell or value-in-use. The impairment test for goodwill relating to the CGU was assessed using value-in-use method. Estimating a value-in-use amount requires management to make an estimate of expected future cash flows from the CGU and determine a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

The value-in-use calculation include a discount rate of 13.9% (31.7.2018: 4%; 1.8.2017: 4%) per annum and the directors believe that the annual growth rate of 5% (31.7.2018: 5%; 1.8.2017: 5%) per annum is reasonable for cash flow projection purposes as it is determined based on expectations of future changes in the market.

Continued

20. GOODWILL (CONT'D)

Sensitivity Analysis

For goodwill impairment, a further increase in the discount rate by 3.27% or a decrease in growth rate by 0.37% would result in the recoverable amount of the CGU being equal to its carrying amount.

21. INVENTORIES

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
At cost:			
Raw materials	153,389	124,181	61,983
Unsold completed property units	64,963	64,073	42,643
Finished products	68,071	49,211	46,665
Work-in-progress	30,060	22,681	13,772
	316,483	260,146	165,063
At net realisable value:			
Unsold completed property units	1,795	2,226	2,226
Raw materials	935	960	492
Finished products	1,955	229	997
	4,685	3,415	3,715
	321,168	263,561	168,778

22. TRADE RECEIVABLES

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Third parties	598,041	484,285	385,439
Associates and joint venture	38	161	105
	598,079	484,446	385,544
Less: Impairment losses	(2,297)	(1,758)	(441)
Trade receivables, net	595,782	482,688	385,103

Trade receivables are non-interest bearing. The average credit terms for trade receivables of the Group range from 14 to 120 days (31.7.2018: 14 to 120 days; 1.8.2017: 14 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from the associates and joint venture are unsecured, non-interest bearing and have a credit terms of 60 days (31.7.2018: 60 days; 1.8.2017: 60 days).

Included in trade receivables are retention sums on property development activities amounting to RM63,132,000 (31.7.2018: RM41,175,000; 1.8.2017: RM31,632,000).

Continued

22. TRADE RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Neither past due nor impaired	557,491	447,929	365,601
Past due but not impaired	38,291	34,759	19,502
Past due and impaired	2,297	1,758	441
	598,079	484,446	385,544
Ageing of past due but not impaired			
1 to 30 days	30,577	22,990	14,687
31 to 60 days	5,482	6,277	4,361
61 to 90 days	1,337	2,865	160
More than 91 days	895	2,627	294
	38,291	34,759	19,502
Ageing of past due and impaired			
More than 120 days	2,297	1,758	441

Movement in allowance for impairment loss

The trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	The Group		
	31.7.2019 RM'000	31.7.2018 * RM'000	1.8.2017 * RM'000
At beginning of year	1,758	441	1,094
Impairment losses	1,598	177	98
Acquisition of a subsidiary	-	1,295	-
Written off during the year	(9)	(50)	(3)
Reversal of impairment loss	(1,085)	(100)	(748)
Foreign exchange differences	35	(5)	-
At end of year	2,297	1,758	441

* Loss allowance disclosed in comparative periods is based on FRS 139 incurred loss model

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM38,291,000 (31.7.2018: RM34,759,000; 1.8.2017: RM19,502,000) that are past due at the reporting date but not impaired. The Group does not hold any collateral over these balances. These relate to creditworthy customers that the Group continues to trade actively with.

Receivables that are impaired

Trade receivables that are impaired at the reporting date relate to debtors that are in financial difficulties or in dispute and have defaulted on payments. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Continued

22. TRADE RECEIVABLES (CONT'D)

The currency profile of trade receivables of the Group is as follows:

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Ringgit Malaysia	441,057	322,400	240,350
United States Dollar	157,022	162,046	145,194
	598,079	484,446	385,544

23. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Other receivables	11,019	21,560	14,932
Deposit on purchase of land held for development	31,594	1,379	14,072
Deposit on purchase of property, plant and equipment	39,226	3,297	649
Deposit paid for acquisition of a subsidiary	12,500	-	-
Other refundable deposits	11,767	8,930	6,347
Other assets (Note 40)	21,508	16,792	4,836
Prepaid expenses	7,167	6,787	5,012
Amounts due from associates and joint venture	245	271	330
	135,026	59,016	46,178

Other assets of the Group represent consideration payable to customers to be accounted for as a reduction of revenue when the Group recognises revenue for the transfer of the related goods or services to the customers.

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Other refundable deposits	29	45	45
Prepaid expenses	245	315	366
Amounts due from associate and joint venture	-	-	20
	274	360	431

24. CASH AND CASH EQUIVALENTS

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Cash and bank balances	190,058	135,916	99,788
Short-term deposits with:			
Other financial institutions	61,519	34,863	89,789
Licensed banks	6,067	1,537	2,321
	257,644	172,316	191,898

Continued

24. CASH AND CASH EQUIVALENTS (CONT"D)

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Cash and bank balances	857	325	190
Short-term deposits with other financial institutions	2,375	3,596	1,189
	3,232	3,921	1,379

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to certain subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled. Included in cash at banks of the Group are amounts of RM17,602,000 (31.7.2018: RM13,409,000; 1.8.2017: RM19,770,000) held in the Housing Development Accounts.

Short-term deposits with other financial institutions refer to licensed fund management companies in Malaysia. These deposits have redemption period of one working day upon notification of withdrawal. The weighted average effective interest rate as at 31 July 2019 for the Group and the Company is 3.48% (31.7.2018: 3.75%; 1.8.2017: 3.50%) per annum respectively.

Short-term deposits with licensed banks for the Group have weighted average effective interest rate of 2.99% (31.7.2018: 3.23%; 1.8.2017: 3.20%) per annum. The average maturities of short-term deposits with licensed banks of the Group as at the end of the reporting date were 79 days (31.7.2018: 80 days; 1.8.2017: 63 days).

The currency profile of cash and cash equivalents is as follows:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Ringgit Malaysia	136,378	114,089	156,990
United States Dollar	121,266	58,227	34,908
	257,644	172,316	191,898

Cash and cash equivalents of the Company are denominated in Ringgit Malaysia.

Continued

25. SHARE CAPITAL

	The Group and The Company					
	Number of ordinary shares			Amount		
	31.7.2019 '000	31.7.2018 '000	1.8.2017 '000	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Issued:						
At beginning of year	488,927	483,558	230,000	453,850	411,843	115,000
Issued pursuant to acquisition of a subsidiary	26,027	-	-	229,046	-	-
Issued pursuant to the SGP	307	142	3,558	2,880	1,240	1,779
Issued pursuant to the DRP	-	5,227	-	-	40,767	-
Bonus issue	-	-	230,000	-	-	115,000
Private placement	-	-	20,000	-	-	154,263
Transfer arising from "no par value" regime	-	-	-	-	-	25,801
At end of year	515,261	488,927	483,558	685,776	453,850	411,843

(a) Share capital

During the financial year 2019, the Company:

(i) Issued and allotted 307,000 (31.7.2018: 142,000; 1.8.2017: 3,558,000) new ordinary shares to eligible employees of Scientex Berhad group of companies, with the closing share price as at the date of granting of RM9.38 (31.7.2018: RM8.73; 1.8.2017: RM6.52) per ordinary share, pursuant to the Scientex Berhad Share Grant Plan ("SGP").

(ii) Issued and allotted 26,027,972 new ordinary shares at an issue price of RM8.80 per ordinary share pursuant to the acquisition and MGO of Daibochi (Notes 15(a) & 39).

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

As at 31 July 2019, the total number of issued shares of the Company was 515,261,472 (31.7.2018: 488,926,500; 1.8.2017: 483,558,000) ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

(b) Share grant plan

The SGP was approved by the shareholders on 17 December 2013 and is administered by the SGP Committee which is appointed by the Board of Directors, in accordance with the SGP By-Laws. The SGP shall be in force for a period of 5 years from the effective date of 21 January 2014 to 20 January 2019. During the financial year, the Company has extended its SGP which expired on 20 January 2019 for another 5 years from 21 January 2019 to 20 January 2024 in accordance with the terms and conditions of the SGP By-Laws.

The salient features, terms and conditions of the SGP are as follows:

(i) The total number of shares which may be awarded to the selected eligible employees under the SGP shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the SGP.

(ii) The total number of shares that may be awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee after taking into consideration the employees performance, contribution, employment grade and the fulfilment of the yearly performance targets or such other matters as the SGP Committee may deem fit and shall be subject to the following:

- the number of new shares made available under SGP shall not exceed the amount stipulated in (i) above;
- the allocation to an eligible employee, who either singly or collectively, through persons connected with the eligible employee, holds 20% or more of the issued shares of the Company (excluding treasury shares), must not exceed 10% of the total number of shares to be issued under the SGP; and

Continued

25. SHARE CAPITAL (CONT'D)

(b) Share grant plan (cont'd)

- not more than 50% of the shares to be issued under the SGP shall be allocated to the eligible employees who are the senior management of the Group.

(iii) The SGP Committee has the discretion in determining whether the shares available for vesting under the SGP shall be staggered over the duration of the SGP.

(iv) The shares will be vested with the grantee at no cost to the grantee on the vesting date(s).

During the current financial year, the Group granted and vested 307,000 (31.7.2018: 142,000; 1.8.2017: 3,558,000) new ordinary shares to the eligible employees of the Company and its subsidiaries under the SGP. The closing share price as at the date of granting was RM9.38 (31.7.2018: RM8.73; 1.8.2017: RM6.52) per ordinary share.

(c) Dividend reinvestment plan

On 3 October 2017, the Company proposed to establish a Dividend Reinvestment Plan ("Proposed DRP") that provides the shareholders of the Company an option to elect to reinvest their cash dividend declared by the Company in new ordinary shares in the Company ("Scientex Shares"). The Company had on 20 October 2017 received an approval from Bursa Malaysia Securities Berhad ("Bursa Securities"), for the establishment of the Proposed DRP and for the listing of new Scientex Shares to be issued pursuant to the Proposed DRP in respect of the single tier final dividend of RM0.10 per ordinary share for the financial year ended 31 July 2017 ("FY2017 Final Dividend") as proposed by the Board of Directors of the Company on 19 September 2017.

The shareholders of the Company had on 6 December 2017 approved the FY2017 Final Dividend and DRP as well as issuance of Scientex Shares pursuant to the DRP at the Annual General Meeting and Extraordinary General Meeting of the Company respectively. The Company determined that the DRP would be applied to the entire FY2017 Final Dividend ("First DRP") and fixed the issue price of the new Scientex Shares to be issued pursuant to the First DRP at RM7.80 per new Scientex Share. Based on the elections made by the shareholders, the Company had issued and allotted a total of 5,226,500 new Scientex Shares and paid the remaining portion of RM7,603,300 in cash on 26 January 2018, pursuant to the First DRP. The said new Scientex Shares were listed and quoted on the Main Market of Bursa Securities on 29 January 2018, hence marking the completion of the First DRP.

(d) Private placement

On 27 April 2017, the Company proposed to undertake a private placement of up to 10% of total number of issued shares of the Company (excluding treasury shares) to third party investors ("Private Placement"). Bursa Securities had, vide its letter dated 4 May 2017, resolved to approve the listing of up to 46,355,800 new ordinary shares to be issued pursuant to the Private Placement ("Placement Shares").

As at 31 July 2017, a total of 20,000,000 Placement Shares have been issued, listed and quoted on the Main Market of Bursa Securities. The net proceeds raised from the Private Placement of RM154,263,000 was intended to be utilised for expansion and working capital requirements of the Group, of which RM100,000,000 has been used for working capital of the Group's manufacturing division while the remaining has been utilised for purchase of development land. The Company did not intend to place out the remaining Placement Shares. Hence, marking the completion of the Private Placement upon its expiration on 3 November 2017.

Continued

26. RESERVES

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Non-distributable reserves:			
Property revaluation surplus	54,877	55,799	55,799
Foreign currency translation reserve	7,668	4,905	11,142
Other reserves	461	461	461
	63,006	61,165	67,402
Distributable reserve:			
Retained earnings	1,476,237	1,234,591	1,047,532
Treasury shares	(1)	(1)	(1)
	1,476,236	1,234,590	1,047,531
	1,539,242	1,295,755	1,114,933

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Non-distributable reserves:			
Property revaluation surplus	20,018	20,018	20,018
Other reserves	68	68	68
	20,086	20,086	20,086
Distributable reserve:			
Retained earnings	141,205	21,357	82,005
Treasury shares	(1)	(1)	(1)
	141,204	21,356	82,004
	161,290	41,442	102,090

(a) Property revaluation surplus

Property revaluation surplus represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of the treasury shares.

During the financial year 2019, the Company did not purchase any of its ordinary shares from the open market.

As at 31 July 2019, the Company held 100 (31.7.2018 and 1.8.2017: 100) ordinary shares as treasury shares. Such treasury shares are recorded at a carrying amount of RM720 (31.7.2018 and 1.8.2017: RM720).

(d) Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 July 2019 under the single tier system.

Continued

27. BORROWINGS

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Current - at amortised cost			
Secured:			
Revolving credit	10,000	-	-
Finance lease liabilities	784	-	-
Onshore foreign currency loan	-	19,155	-
Bankers acceptances	-	9,712	-
Term loan	-	-	3,500
	10,784	28,867	3,500
Unsecured:			
Foreign currency revolving credits	636,132	466,552	172,523
Onshore foreign currency loan	7,376	69,375	105,567
Revolving credits	25,400	30,600	12,100
Bankers acceptances	3,005	5,400	7,500
Term loans	21,271	9,576	-
	693,184	581,503	297,690
	703,968	610,370	301,190
Non-current - at amortised cost			
Secured:			
Sukuk Murabahah	250,000	300,000	100,000
Finance lease liabilities	440	-	-
Term loans	-	-	66,500
	250,440	300,000	166,500
Unsecured:			
Term loans	19,406	23,941	-
	269,846	323,941	166,500
Total borrowings			
Foreign currency revolving credits	636,132	466,552	172,523
Sukuk Murabahah	250,000	300,000	100,000
Term loans	40,677	33,517	70,000
Revolving credits	35,400	30,600	12,100
Onshore foreign currency loan	7,376	88,530	105,567
Bankers acceptances	3,005	15,112	7,500
Finance lease liabilities	1,224	-	-
	973,814	934,311	467,690

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Unsecured, total borrowings:			
Current - Revolving credits	-	20,000	-

Continued

27. BORROWINGS (CONT'D)

Borrowings are repayable as follows:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Current	703,968	610,370	301,190
Non-current:			
More than 1 year and less than 2 years	62,181	59,576	14,000
More than 2 years and less than 5 years	207,665	164,365	142,000
More than 5 years	-	100,000	10,500
	269,846	323,941	166,500
	973,814	934,311	467,690

The average effective interest rates per annum of the borrowings at the reporting date are as follows:

	The Group		
	2019 %	**2018 %**	**2017 %**
Sukuk Murabahah	4.52	4.79	4.55
Revolving credits	4.13	4.28	3.92
Bankers acceptances	3.91	4.11	3.82
Term loans	3.53	3.36	4.46
Onshore foreign currency loan	2.80	2.68	1.89
Foreign currency revolving credits	1.91	1.89	1.76
Finance lease liabilities	5.23	-	-

	The Company		
	2019 %	**2018 %**	**2017 %**
Revolving credits	-	4.22	-

(i) Sukuk Murabahah Programme

During the financial year 2016, SQSB, a wholly-owned subsidiary of the Company, had established a Sukuk Murabahah Programme ("Sukuk Murabahah") for the issuance of up to RM500,000,000 in nominal value of Sukuk Murabahah. It provides SQSB the flexibility to raise funds from time to time which can be utilised to finance and/or reimbursement of the acquisition of land(s)/property(ies)/investments, to fund working capital requirements and to refinance existing bank borrowings of SQSB and/or its subsidiaries. The Sukuk Murabahah is unrated and has a tenure of fifteen (15) years from the date of first issuance of the Sukuk Murabahah.

On 10 July 2018, SQSB made its second issuance of RM200,000,000 in nominal value of unrated Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) under the Sukuk Murabahah to part finance the acquisition of land. As at 31 July 2019, the total unrated Sukuk Murabahah in issue stood at RM250,000,000 in nominal value, after taking into account of the early redemption of RM50,000,000 in nominal value of Sukuk Murabahah made during the financial year. The redeemable Sukuk Murabahah are due on 8 January 2021, 11 July 2022 and 10 July 2023 for each RM50,000,000 and 10 July 2024 for the balance RM100,000,000, and bear profit rate based on cost of fund plus margin, payable quarterly.

Continued

27. BORROWINGS (CONT'D)

(ii) The term loans and other banking facilities are secured by the following:

(a) First party charge and/or third party second charges over the freehold land and building of a subsidiary with carrying value of RM184,874,000 (31.7.2018: RM185,186,000; 1.8.2017: RM125,670,000) as disclosed in Note 13.

(b) First party charge and third party second charges over the freehold and leasehold land of subsidiaries with carrying value of RM330,000,000 (31.7.2018: RM312,000,000; 1.8.2017: RM177,000,000) as disclosed in Note 16.

(c) Negative pledges on all the other assets held by the Company and certain subsidiaries.

(iii) The currency profile of borrowings is as follows:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Ringgit Malaysia	297,119	345,712	189,600
United States Dollar	373,969	432,784	239,870
Japanese Yen	302,726	155,815	38,220
	973,814	934,311	467,690

28. RETIREMENT BENEFITS OBLIGATIONS

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
At beginning of year	31,116	27,803	23,782
Current and past service cost (Note 9)	4,988	3,919	4,012
Foreign exchange differences	15	(40)	39
Paid during the year	(953)	(566)	(30)
Remeasurement of net defined benefit liability	1,268	-	-
At end of year	36,434	31,116	27,803

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
At beginning of year	7,181	7,181	7,181
Current and past service cost	368	-	-
Remeasurement of net defined benefit liability	(84)	-	-
At end of year	7,465	7,181	7,181

The present value of the pension obligation is determined using actuarial valuations. The actuarial valuations were recomputed during the financial year ended 31 July 2019 by Actuarial Partners Consulting Sdn. Bhd., an independent professional actuary.

The Group operates an unfunded defined benefit lump sum plan. A lump sum benefit is payable to the employees at the normal retirement age of 60 (31.7.2018: 60; 1.8.2017: 60). The plan is applicable to employees who have a minimum 5 years of service to the Group.

Continued

28. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

The amounts recognised in the statements of profit and loss and other comprehensive income are as follows:

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Cost of sales	1,488	1,300	1,253
Administrative expenses	3,143	2,275	2,472
Selling and distribution expenses	357	344	287
	4,988	3,919	4,012

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Administrative expenses	368	-	-

The principal assumptions are as follows:

	The Group and the Company		
	2019 %	2018 %	2017 %
Discount rate	5.00	5.75	5.75
Future salary increases	7.00	7.00	7.00

No sensitivity analysis on the principal assumptions is prepared as the Group does not expect any material effect on the Group's statement of profit or loss and other comprehensive income arising from the effect of reasonably possible changes to the above principal actuarial assumptions at the end of the reporting period.

29. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
At beginning of year	17,301	14,275	32,381
Recognised in profit or loss (Note 11)	11,902	(14,385)	(18,106)
Acquisition of a subsidiary (Note 15)	15,703	17,411	-
Fair value adjustment (Note 15)	2,275	-	-
At end of year	47,181	17,301	14,275
Deferred tax assets	(25,344)	(33,337)	(21,668)
Deferred tax liabilities	72,525	50,638	35,943
	47,181	17,301	14,275

Continued

29. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
At beginning of year	5,718	5,811	5,907
Recognised in profit or loss (Note 11)	(181)	(93)	(96)
At end of year	5,537	5,718	5,811
Deferred tax liabilities	5,537	5,718	5,811

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority.

The deferred tax (assets)/liabilities provided in the financial statements represents the tax effects of the following:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000 (Restated)**	**1.8.2017 RM'000 (Restated)**
Deferred tax assets (before offsetting):			
Unabsorbed reinvestment allowances	(65,226)	(64,926)	(51,453)
Unabsorbed tax losses and capital allowances	(18,816)	(23,651)	(18,430)
Various temporary differences	(15,285)	(15,622)	(12,069)
	(99,327)	(104,199)	(81,952)
Offsetting	73,983	70,862	60,284
Deferred tax assets (after offsetting)	(25,344)	(33,337)	(21,668)
Deferred tax liabilities (before offsetting):			
Temporary differences arising from:			
Property, plant and equipment	114,529	95,934	72,284
Revaluation of land and buildings	31,915	25,502	23,742
Others	64	64	201
	146,508	121,500	96,227
Offsetting	(73,983)	(70,862)	(60,284)
Deferred tax liabilities (after offsetting)	72,525	50,638	35,943

Continued

29. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	The Company		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Deferred tax assets (before offsetting):			
Various temporary differences	(1,011)	(923)	(923)
	(1,011)	(923)	(923)
Offsetting	1,011	923	923
Deferred tax assets (after offsetting)	-	-	-
Deferred tax liabilities (before offsetting):			
Temporary differences arising from:			
Property, plant and equipment	663	641	628
Revaluation of land and buildings	5,885	6,000	6,106
	6,548	6,641	6,734
Offsetting	(1,011)	(923)	(923)
Deferred tax liabilities (after offsetting)	5,537	5,718	5,811

As mentioned in Note 3, the tax effects of unutilised tax losses, unabsorbed capital allowances, unused tax credit and deductible temporary differences which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses, unabsorbed capital allowances, unabsorbed reinvestment allowances and deductible temporary differences can be utilised. As at 31 July 2019, the amount of unutilised tax losses, unabsorbed capital allowances and deductible temporary differences of certain subsidiaries for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Unutilised tax losses	464	464	464
Unabsorbed capital allowances	8	8	8
Deductible temporary differences	2,180	2,678	2,667
	2,652	3,150	3,139

Under the Malaysia Finance Act 2018 which was gazzeted on 27 December 2018, any accumulated tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment. Upon expiry of the 7 years, the unused tax losses will be disregarded.

30. TRADE PAYABLES

	The Group		
	31.7.2019 RM'000	**31.7.2018 RM'000**	**1.8.2017 RM'000**
Third parties	408,288	347,968	297,813
Associates	29,957	32,766	18,087
	438,245	380,734	315,900

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (31.7.2018: 30 to 120 days; 1.8.2017: 30 to 120 days). The amount due to associates is unsecured, non-interest bearing and has credit terms of 60 to 120 days (31.7.2018: 60 to 120 days; 1.8.2017: 60 to 90 days). Included in the trade payables of the Group is an amount of RM20,170,000 (31.7.2018: RM19,791,000; 1.8.2017: RM23,566,000) representing retention amount.

Continued

30. TRADE PAYABLES (CONT'D)

The currency profile of trade payables is as follows:

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Ringgit Malaysia	242,116	180,230	170,447
United States Dollar	196,129	200,504	145,453
	438,245	380,734	315,900

31. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Accrued expenses	93,240	91,252	73,579
Other payables	40,922	35,918	40,529
Other liabilities	23,801	16,792	4,836
Deposits	1,017	1,174	872
	158,980	145,136	119,816

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Accrued expenses	832	861	703
Other payables	9	9	9
Deposits	1	1	1
	842	871	713

32. DIVIDENDS

	The Group and The Company	
	2019 RM'000	2018 RM'000
In respect of the financial year ended 31 July 2017:		
Single tier final dividend of 10 sen per ordinary share on 483,699,900 ordinary shares*	-	48,370
In respect of the financial year ended 31 July 2018:		
Single tier interim dividend of 10 sen per ordinary share on 488,926,400 ordinary shares	-	48,893
Single tier final dividend of 10 sen per ordinary share on 489,233,400 ordinary shares	48,923	-
In respect of the financial year ended 31 July 2019:		
Single tier interim dividend of 10 sen per ordinary share on 515,261,472 ordinary shares	51,526	-
	100,449	97,263

Continued

32. DIVIDENDS (CONT"D)

* Out of the total dividend distribution of RM48,370,000, a total of RM40,766,700 was converted into 5,226,500 new ordinary shares of the Company pursuant to the DRP. The balance portion of RM7,603,300 was paid in cash on 26 January 2018.

On 26 September 2019, the directors proposed a single tier final dividend of 10 sen per ordinary share amounting to approximately RM51,526,000 in respect of the financial year ended 31 July 2019. The proposed single tier final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2020.

33. COMMITMENTS

(a) Capital Commitments

At the end of reporting period, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment and land for property development.

	The Group	
	2019 RM'000	**2018 RM'000**
Approved and contracted for:		
Balance payment for purchase of land for property development	282,967	-
Purchase of plant and machinery	53,456	22,928
	336,423	22,928
Approved but not contracted for:		
Purchase of land for property development	-	66,869

(b) Lease Commitments

	The Group
	2019 RM'000
Future minimum lease payments payables:	
Not later than 1 year	2,161
Later than 1 year but not later than 5 years	3,112
Later than 5 years	591
	5,864

Operating lease commitment is in respect of machineries and premises. The lease is negotiated for a term of 2 to 10 years.

34. FINANCIAL GUARANTEES

Corporate guarantees are provided by the Company to certain financial institutions and suppliers to secure banking facilities and credit facilities for the subsidiaries. The directors are of the opinion that the corporate guarantees are not likely to be called upon and regard the value of the credit enhancement provided by the corporate guarantees as minimal.

35. RELATED PARTY TRANSACTIONS

Amounts owing by/(to) associates and joint venture which arose mainly from trade transactions and expenses paid on behalf have a credit period range from 60 to 90 days (2018: 60 to 90 days).

Continued

35. RELATED PARTY TRANSACTIONS (CONT'D)

The Group and the Company have the following transactions with related parties during the financial year, which were determined on terms not more favourable to the related parties than to third parties:

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

		The Group	
		2019 RM'000	2018 RM'000
Associate:			
Sales	(i)	(142)	(90)
Purchases	(ii)	90,843	89,329
Management fees income	(iii)	(120)	(120)
Rental income	(iv)	-	(144)
Joint venture:			
Sales	(i)	(168)	(219)
Rental income	(iv)	(926)	(926)

		The Company	
		2019 RM'000	2018 RM'000
Associate:			
Management fees income	(iii)	(120)	(120)
Dividend income		(616)	(1,708)
Subsidiaries:			
Dividend income		(203,533)	(37,350)

(i) The sales were determined on terms not more favourable to the related parties than to third parties and have credit terms of 60 days (2018: 60 days).

(ii) The purchase of products from associate were made according to the published prices and conditions offered by the related party to their major customers.

(iii) The rendering of services to associate was determined on terms not more favourable to the related parties than to third parties and have credit terms of 30 days (2018: 30 days).

(iv) The rental payable by the associate and joint venture was determined on terms not more favourable to the related parties than to third parties and has credit terms of 30 days (2018: 30 days).

(b) Compensation of key management personnel is as follows:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and other emoluments	20,700	21,153	460	480
Contribution to defined contribution plans	3,722	3,804	83	86
Share grant plan	713	324	-	-
Fees	120	70	120	70
	25,255	25,351	663	636

Continued

35. RELATED PARTY TRANSACTIONS (CONT'D)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

Included in compensation of key management personnel of the Group and of the Company is directors' remuneration amounting to RM10,587,000 and RM663,000 (2018: RM11,062,000 and RM636,000) respectively.

36. SEGMENTAL INFORMATION

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are within the Group.

(a) Business segments

The Group's activities are classified into two major business segments:

- Manufacturing - mainly in the business of manufacturing of various packaging products and manufacturing of materials for the interior of automobiles. Included in this segment is also the sales and marketing of laminating polyurethane adhesives, which is regarded by the management as exhibiting similar economic characteristics.
- Property development - in the business of constructing and developing residential, commercial and industrial properties and property management.

Management monitors the operating results of its business units separately for the purpose of decision making on resource allocation and performance assessment. Transactions between operating segments are conducted under terms, conditions and prices not materially different from transactions with non-related parties.

(b) Analysis by activity

31 July 2019	Note	Manufacturing RM'000	Property development RM'000	Consolidated RM'000
Revenue		2,357,807	889,639	3,247,446
Results				
Interest income		1,168	2,769	3,937
Interest expense		14,348	1,185	15,533
Depreciation of property, plant and equipment		89,059	3,224	92,283
Share of results of associates and joint venture		4,344	-	4,344
Other non-cash expenses	(ii)	9,144	1,486	10,630
Segment profit	(i)	175,233	286,544	461,777
Assets				
Segment assets		2,303,274	1,691,147	3,994,421
Investment in associates		55,605	-	55,605
Investment in joint venture		28,029	-	28,029
Tax recoverable		4,082	-	4,082
Deferred tax assets		22,222	3,122	25,344
Consolidated total assets				4,107,481

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

31 July 2019	Note	Manufacturing RM'000	Property development RM'000	Consolidated RM'000
Liabilities				
Segment liabilities		1,082,960	524,513	1,607,473
Tax liabilities		5,818	22,712	28,530
Deferred tax liabilities		59,412	13,113	72,525
Consolidated total liabilities				1,708,528
31 July 2018 (Restated)				
Revenue		1,904,616	698,218	2,602,834
Results				
Interest income		1,866	3,442	5,308
Interest expense		10,486	265	10,751
Depreciation of property, plant and equipment		68,739	2,972	71,711
Share of results of associates and joint venture		8,049	-	8,049
Other non-cash expenses	(ii)	9,355	1,886	11,241
Segment profit	(i)	126,872	230,514	357,386
Assets				
Segment assets		1,773,713	1,514,917	3,288,630
Investment in associates		34,463	-	34,463
Investment in joint venture		27,173	-	27,173
Tax recoverable		1,459	228	1,687
Deferred tax assets		28,468	4,869	33,337
Consolidated total assets				3,385,290
Liabilities				
Segment liabilities		975,063	516,234	1,491,297
Tax liabilities		6,348	17,429	23,777
Deferred tax liabilities		37,664	12,974	50,638
Consolidated total liabilities				1,565,712
1 August 2017 (Restated)				
Assets				
Segment assets		1,397,106	1,110,408	2,507,514
Investment in associates		31,180	-	31,180
Investment in joint venture		24,115	-	24,115
Tax recoverable		678	213	891
Deferred tax assets		18,532	3,136	21,668
Consolidated total assets				2,585,368
Liabilities				
Segment liabilities		662,856	268,353	931,209
Tax liabilities		3,511	19,513	23,024
Deferred tax liabilities		22,566	13,377	35,943
Consolidated total liabilities				990,176

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

Notes

(i) The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the statements of profit or loss and other comprehensive income:

	2019 RM'000	2018 RM'000 (Restated)
Segment profit	461,777	357,386
Finance costs (Note 7)	(15,533)	(10,751)
Share of results of associates and joint venture	4,344	8,049
Profit before tax	450,588	354,684

(ii) Other material non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	2019 RM'000	2018 RM'000
Increase in liability for defined benefit plan	4,988	3,919
Net unrealised loss on foreign exchange	4,956	3,694
Share grant plan expense	2,880	1,240
Impairment loss on trade receivables	1,598	177
Write off/(Write back) of bad debts	89	(33)
Property, plant and equipment written off	9	39
Fair value gain on other investments	(1,781)	-
Reversal of impairment loss on trade receivables	(1,085)	(100)
Gain on disposal of property, plant and equipment	(977)	(318)
(Write back)/Write off of inventories	(47)	2,623
	10,630	11,241

(iii) Included in segment assets is addition to non-current assets of:

	Manufacturing RM'000	Property development RM'000	Consolidated RM'000
2019			
Property, plant and equipment	48,136	3,118	51,254
Land held for property development	-	99,071	99,071
2018			
Property, plant and equipment	56,966	3,112	60,078
Land held for property development	-	509,110	509,110

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(c) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-Current Assets		
	2019 RM'000	2018 RM'000 (Restated)	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Malaysia	1,576,298	1,171,593	2,269,748	2,078,159	1,564,735
Japan	429,276	416,702	-	-	-
Korea	221,502	219,183	-	-	-
Indonesia	198,651	145,772	325	312	304
Australia	178,062	125,206	187	-	-
Thailand	148,698	96,563	-	-	-
Singapore	111,875	111,196	46	59	71
Europe	79,527	83,934	-	-	-
United States of America	74,858	49,495	81,393	75,500	39,664
Philippines	82,547	66,061	-	-	-
Myanmar	31,618	9,945	40,609	-	-
The Socialist Republic of Vietnam	28,769	24,055	16,712	19,035	22,678
Others	85,765	83,129	-	-	-
Consolidated	3,247,446	2,602,834	2,409,020	2,173,065	1,627,452

Revenue from one major customer amounting to RM314,309,000 (2018: RM335,656,000), arising from sales by the manufacturing segment.

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Property, plant and equipment	1,247,750	1,150,608	1,012,570
Investment properties	17,000	17,000	17,000
Land held for property development	721,419	843,946	500,233
Investment in joint venture	28,029	27,173	24,115
Investment in associates	55,605	34,463	31,180
Other investments	20,170	7,508	8,552
Deferred tax assets	25,344	33,337	21,668
Goodwill	293,703	59,030	12,134
	2,409,020	2,173,065	1,627,452

37. FINANCIAL INSTRUMENTS

Capital management

The primary objective of the Group's capital management is to ensure that the Group maintains healthy capital ratios in order to support its business operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 July 2019, 31 July 2018 and 1 August 2017.

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

		The Group		
		31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Debt	(i)	973,814	934,311	467,690
Less: Cash and cash equivalents		(257,644)	(172,316)	(191,898)
Net debt		716,170	761,995	275,792
Equity	(ii)	2,225,018	1,749,605	1,526,776
Net debt to equity ratio		0.32	0.44	0.18

(i) Debt is defined as long-term and short-term borrowings as disclosed in Note 27.

(ii) Equity includes issued capital and reserves.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Categories of financial instruments

	The Group		
	31.7.2019 RM'000	31.7.2018 RM'000 (Restated)	1.8.2017 RM'000 (Restated)
Financial assets			
At amortised cost:			
Trade receivables	595,782	-	-
Other receivables and deposits	106,351	-	-
Cash and cash equivalents	257,644	-	-
At fair value:			
Other investments	20,170	-	-
Loans and receivables:			
Trade receivables	-	482,688	385,103
Other receivables and deposits	-	35,437	36,330
Cash and cash equivalents	-	172,316	191,898
Available-for-sale investments	-	7,508	8,552
	979,947	697,949	621,883
Financial liabilities			
At amortised cost:			
Trade payables	438,245	380,734	315,900
Other payables and accrued expenses	135,179	128,344	114,980
Borrowings	973,814	934,311	467,690
Total	1,547,238	1,443,389	898,570

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

	The Company		
	31.7.2019 RM'000	31.7.2018 RM'000	1.8.2017 RM'000
Financial assets			
At amortised cost:			
Other receivables and deposits	29	-	-
Cash and cash equivalents	3,232	-	-
At fair value:			
Other investments	16,245	-	-
Loans and receivables:			
Other receivables and deposits	-	45	65
Cash and cash equivalents	-	3,921	1,379
Available-for-sale investments	-	4,685	4,685
	19,506	8,651	6,129
Financial liabilities			
At amortised cost:			
Other payables and accrued expenses	842	871	713
Borrowings	-	20,000	-
Total	842	20,871	713

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

Foreign currency risk management

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

The Group is exposed to foreign exchange rate risk on certain transactions entered into by subsidiaries in currencies other than its functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group	
	Assets 2019 RM'000	Liabilities 2019 RM'000
United States Dollar	170,198	503,757
Japanese Yen	-	302,726

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (cont'd)

	The Group	
	Assets 2018 RM'000	**Liabilities 2018 RM'000**
United States Dollar	156,211	616,579
Japanese Yen	-	155,815

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currency of United States Dollar ("USD") and Japanese Yen ("JPY").

The following table details the Group's sensitivity to a 3% increase and decrease in the Ringgit Malaysia against USD and JPY. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis below includes:

(i) Outstanding foreign currency denominated monetary items and adjusts their translation at the year end and for a 3% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 3% against the USD and JPY. For a 3% weakening of the Ringgit Malaysia against USD and JPY, there would be a comparable impact on profit or loss and the balances below would be negative.

	The Group	
	2019 RM'000	**2018 RM'000**
United States Dollar	10,007	13,811
Japanese Yen	9,082	4,675

(ii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2019 for a 3% change in foreign currency rates. A positive number below indicates profit where the Ringgit Malaysia weakens 3% against USD. For a 3% strengthening of the Ringgit Malaysia against USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	The Group	
	2019 RM'000	**2018 RM'000**
United States Dollar	8,565	7,336

(iii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2019, offset against the Group's exposure in USD and JPY in the statements of financial position at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 3% against the USD and JPY. For a 3% weakening of the Ringgit Malaysia against USD and JPY, a positive number below indicates a loss.

	The Group	
	2019 RM'000	**2018 RM'000**
United States Dollar	1,442	6,475
Japanese Yen	9,082	4,675
	10,524	11,150

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 27.

Interest rate sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 July 2019 would decrease or increase by RM1,800,000 (2018: RM1,047,000).

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Company is exposed to credit risk mainly from subsidiaries and related parties. The Company monitors on an ongoing basis the results of the subsidiaries and related parties, and repayments made by the subsidiaries and related parties.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at 31 July 2019, is the carrying amount of these receivables as disclosed in the statements of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 22. Deposits and short-term placements with licensed banks and financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due and impaired

Information regarding trade receivables that are past due and impaired is disclosed in Note 22.

Credit risk concentration profile

As at the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company minimise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (cont'd)

The Group	Weighted average effective interest rate per annum	Less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2019					
Financial liabilities					
Non-interest bearing:					
Trade payables		438,245	-	-	438,245
Other payables and accrued expenses		135,179	-	-	135,179
		573,424	-	-	573,424
Interest bearing:					
Borrowings	1.91% - 5.23%	716,480	300,039	-	1,016,519
Total undiscounted financial liabilities		1,289,904	300,039	-	1,589,943

The Group	Weighted average effective interest rate per annum	Less than 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2018					
Financial liabilities					
Non-interest bearing:					
Trade payables		380,734	-	-	380,734
Other payables and accrued expenses		128,344	-	-	128,344
		509,078	-	-	509,078
Interest bearing:					
Borrowings	1.89% - 4.79%	625,734	264,841	104,373	994,948
Total undiscounted financial liabilities		1,134,812	264,841	104,373	1,504,026

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (cont'd)

The Company	Weighted average effective interest rate per annum	Less than 1 year RM'000	Total RM'000
2019			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	-	842	842
Total undiscounted financial liabilities		842	842
2018			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses		871	871
Interest bearing:			
Borrowings	4.22%	20,000	20,000
Total undiscounted financial liabilities		20,871	20,871

Fair values of financial instruments

The carrying amounts of the short-term financial assets and financial liabilities recognised at amortised cost in financial statements approximate their fair values.

The fair value of long-term financial liabilities have been determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between fair value and carrying values of these financial liabilities as at the end of the reporting period.

Fair value hierarchy

The assets and liabilities carried at fair value are categorised into different levels of fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair measurement in its entirety. Details of the fair value hierarchy of the Group's investment properties and other investments are disclosed in Note 14 and Note 19 respectively.

38. NOTE TO THE STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the opening and closing balances in the statement of financial position for the liabilities arising from the financing activities in the statements of cash flows of the Group and the Company:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Borrowings				
At beginning of year	934,311	467,690	20,000	-
Net cash flows from borrowings	(34,508)	364,871	(20,000)	20,000
Non-cash changes:				
Acquisition of a subsidiary	68,231	101,856	-	-
Foreign exchange movement	5,780	(106)	-	-
At end of year	973,814	934,311	-	20,000

Continued

39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(i) On 15 August 2018, the Company announced that SHSB, a wholly-owned subsidiary of SQSB, which is a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement ("SPA") with Real Golden Development Sdn Bhd for the proposed acquisition of two (2) contiguous pieces of freehold land, all in Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka, measuring an aggregate net area of 208.9 acres for a total purchase consideration of RM68.2 million. The conditions precedent of the proposed acquisition as set out in the SPA have been satisfied on 14 January 2019. On 17 April 2019, the Company announced that full payment of the balance purchase price has been made to the vendor, hence marked the completion of the acquisition on 17 April 2019.

(ii) On 14 November 2018 and 10 December 2018, the Company announced that it had entered into a heads of agreement and a conditional share sale agreement ("CSSA") respectively with certain shareholders of Daibochi ("Vendors") for the acquisition of 139,062,766 ordinary shares in Daibochi, representing approximately 42.48% of the total number of issued shares in Daibochi (excluding treasury shares) for a total purchase consideration of RM222,500,426 (subject to any adjustments pursuant to Paragraph 6.03(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions) to be satisfied entirely by the issuance of new ordinary shares in the Company ("Proposed Acquisition"). The Company was obliged to extend a MGO to acquire all the remaining shares and warrants in Daibochi not already owned by the Company and its persons acting in concert ("Proposed MGO") upon the Proposed Acquisition becoming unconditional.

The Company had on 14 January 2019 received an approval from Bursa Securities for the listing of and quotation of new ordinary shares of the Company to be issued pursuant to the Proposed Acquisition and the Proposed MGO. During the Extraordinary General Meeting held on 11 February 2019, the shareholders of the Company had approved the Proposed Acquisition and Proposed MGO. On the even date, the Proposed Acquisition had become unconditional and a Notice of Conditional Mandatory Take-Over Offer was served to the Board of Directors of Daibochi. The Proposed Acquisition was completed on 19 February 2019 upon the issuance and allotment of 25,124,249 shares to the Vendors pursuant to the CSSA.

Subsequently, the Company had on 4 March 2019 despatched the Offer Document which sets out the terms and conditions of the Proposed MGO, together with the Form of Acceptance and Transfer for the Offer Securities to the shareholders and warrant holders of Daibochi. The Company had fulfilled the acceptance condition by receiving a total of 52.54% voting shares on 18 March 2019. Following the Proposed MGO had become unconditional, the Offer was remained open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 1 April 2019, being the 14th day from the unconditional date.

On 1 April 2019, the Company announced that the Offer has been closed and the Company had achieved the acceptances level of 61.89% or equivalent to 202,587,460 shares and 4.24% or equivalent to 1,158,967 warrants, respectively. Accordingly, the MGO marked the completion on 5 April 2019 upon the issuance and listing of 468,702 and 435,021 new ordinary shares of the Company on 28 March 2019 and 3 April 2019 respectively to the shareholders of Daibochi who had accepted the share exchange option.

(iii) On 3 May 2019, the listed subsidiary of the Company, Daibochi, announced that it had entered into a conditional SPA with Tan Chai Koon, Chong Choi Chun, Ng Yuk Ming, Proshin Enterprise Sdn Bhd, Phang Chak Thong, Ng Pey Ching and Lee Chee Keong (collectively, the "Vendors") for the proposed acquisition of 4,500,000 ordinary shares in Mega Printing & Packaging Sdn. Bhd. ("MPP") representing the entire equity interest in MPP, for a total indicative cash purchase consideration of RM125,000,000. At the end of the reporting period, the Group paid an initial deposit of RM12,500,000.

Thereafter, all conditions precedent under the SPA have been fulfilled and that the remaining balance purchase consideration under the SPA has been paid in full on 5 August 2019, hence marking the completion of the proposed acquisition. Accordingly, MPP became a wholly-owned subsidiary of Daibochi which in turn a subsidiary of the Company.

(iv) On 13 May 2019, the Company announced that Scientex Park (M) Sdn Bhd, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company had entered into two (2) conditional SPA in relation to the proposed acquisition with the following vendors:

(a) a SPA with Swan Lake City Sdn Bhd for the acquisition of three (3) parcels of freehold land, all situated in Mukim Rawang, District of Gombak, State of Selangor measuring an aggregate of approximately 150.2 acres for a purchase consideration of RM111.2 million ("SPA 1"); and

(b) a SPA with Fair City Sdn Bhd for the acquisition of two (2) parcels of freehold land, all situated in Bandar Kundang, District of Gombak, State of Selangor measuring an aggregate of approximately 16.3 acres for a purchase consideration of RM12.1 million ("SPA 2").

Continued

39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END (CONT'D)

The total purchase consideration for the SPA 1 and SPA 2 is RM123.3 million. On 10 October 2019, the Company announced that the conditions precedent as set out in respective SPA have been satisfied and the proposed acquisition is expected to be completed by first half of year 2020.

(v) On 10 June 2019, the Company announced that Scientex (Skudai) Sdn Bhd, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into a SPA with Palma Indah Sdn Bhd for the proposed acquisition of six (6) parcels of freehold land, all situated in Mukim 12, District of Seberang Perai Utara, State of Pulau Pinang, measuring an aggregate area of approximately 179.7 acres for a total purchase consideration of RM109.6 million. On 4 October 2019, the Company announced that the conditions precedent as set out in the SPA have been satisfied and the proposed acquisition is expected to be completed by early of year 2020.

40. FIRST-TIME ADOPTION OF MFRS FRAMEWORK

As disclosed in Note 2, the financial statements of the Group and of the Company for the year ended 31 July 2019 are the first set of financial statements prepared in accordance with MFRS, including MFRS 1 *First-time adoption of MFRS*. Aside from the exemption of first-time application of MFRS 9 and certain transition elections as disclosed below, the Group and the Company have consistently applied the same accounting policies as set out in Note 3 in its opening financial statements at 1 August 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect. These policies comply with each MFRS effective as at 31 July 2019, including MFRS 15 *Revenue from contracts with customers* and MFRS 9 *Financial instruments*. The financial statements for financial year ended 31 July 2018 was prepared based on FRS. Accordingly, the comparative figures for 2018 in these financial statements have been restated to give effect to these changes.

The Group, in its consolidated financial statements, measured the assets and liabilities of subsidiaries and associates at the same carrying amounts as in the financial statements of these subsidiaries and associates that have adopted the MFRS framework or International Financial Reporting Standards earlier than the Group, after adjusting for consolidated adjustments.

MFRS 9 *Financial Instruments*

MFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. For liabilities, the standard retains most of the FRS 139 Financial Instruments requirements.

MFRS 9 introduces the expected credit losses ("ECL") model for impairment which replaces the incurred loss impairment model which only requires recognition of credit losses incurred as at reporting date under MFRS 139.

The Group and the Company have elected the exemption in MFRS 1 which allows the Group and the Company not to restate comparative information in the year of initial application of MFRS 9. The Group and the Company have assessed the impact of the adoption of MFRS 9 as disclosed below:

(i) Classification and measurement

The Group and the Company have concluded that the new classification requirement does not have material impact on the accounting for its financial assets except for the other investments previously measured at costs under FRS 139 are now classified as FVTPL. Accordingly, any difference between previous carrying amount and the fair value shall be recognised in the opening retained earnings as at 1 August 2018. The impact of adoption of MFRS 9 is disclosed in Note 19.

The other financial assets held by the Group are debt instruments previously classified as loans and receivables accounted for at amortised cost are now being classified as financial assets at amortised cost under MFRS 9.

(ii) Impairment

The new impairment model requires the recognition of impairment loss based on ECL rather than only incurred credit losses as is the case under FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognises.

It applies to financial assets classified as amortised cost, debt instruments measured as FVTOCI, contract assets under MFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment performed, the Group concluded that the adoption does not have any significant impact on the financial performance or position of the Group.

Continued

40. FIRST-TIME ADOPTION OF MFRS FRAMEWORK (CONT'D)

MFRS 9 *Financial Instruments* (cont'd)

(ii) Impairment (cont'd)

The restatement of impairment losses on transition to MFRS 9 as a result of applying the expected credit risk model was immaterial.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related interpretations.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good service promised in the contract. 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 has applied this standard retrospectively and has elected the exemption in MFRS 1 not to restate contracts that were completed before 1 August 2017.

The effects to the financial statements from the transition of MFRS Framework are as follows:

Statement of profit or loss and other comprehensive income

For the financial year ended 31 July 2018

The Group	**As previously reported RM'000**	**Effect of transition of MFRS 15 RM'000**	**As stated 31.7.2018 RM'000**
Revenue	2,626,767	(23,933)	2,602,834
Cost of sales	(2,108,516)	16,959	(2,091,557)
Gross profit	518,251	(6,974)	511,277
Other income	13,363	-	13,363
Selling and distribution expenses	(68,350)	-	(68,350)
Administration expenses	(98,904)	-	(98,904)
Finance costs	(10,751)	-	(10,751)
Share of result of associates and joint venture	8,049	-	8,049
Profit before tax	361,658	(6,974)	354,684
Income tax expense	(67,624)	1,674	(65,950)
Profit for the year	294,034	(5,300)	288,734

Continued

40. FIRST-TIME ADOPTION OF MFRS FRAMEWORK (CONT'D)

Statement of financial position

As at 31 July 2018

The Group	**As previously reported RM'000**	**Effect of transition of MFRS 15 RM'000**	**As stated 31.7.2018 RM'000**
ASSETS			
Non-current assets			
Deferred tax assets	28,920	4,417	33,337
Current assets			
Other receivables, deposits and prepaid expenses	42,224	16,792	59,016
EQUITY AND LIABILITIES			
Capital and reserves			
Reserves	1,309,743	(13,988)	1,295,755
Current liabilities			
Other payables and accrued expenses	109,939	35,197	145,136

As at 1 August 2017

The Group	**As previously reported RM'000**	**Effect of transition of MFRS 15 RM'000**	**As stated 1.8.2017 RM'000**
ASSETS			
Non-current assets			
Deferred tax assets	18,925	2,743	21,668
Current assets			
Other receivables, deposits and prepaid expenses	41,342	4,836	46,178
EQUITY AND LIABILITIES			
Capital and reserves			
Reserves	1,123,621	(8,688)	1,114,933
Current liabilities			
Other payables and accrued expenses	103,549	16,267	119,816

Statement of cash flows

For the financial year ended 31 July 2018

The Group	**As previously reported RM'000**	**Effect of transition of MFRS 15 RM'000**	**As stated 31.7.2018 RM'000**
Profit before tax	361,658	(6,974)	354,684
Movement in working capital:			
Increase in receivables	(25,175)	(11,956)	(37,131)
(Decrease)/Increase in payables	(4,548)	18,930	14,382

The transition from FRSs to MFRS Framework does not have any impact to the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows of the Company other than the adoption of MFRS 9 *Financial Instruments* as disclosed in Note 19.

Statement by Directors

The directors of **SCIENTEX BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2019 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

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

LIM PENG JIN

LIM PENG CHEONG

Shah Alam, Selangor Darul Ehsan
23 October 2019

Declaration by The Officer Primarily Responsible for The Financial Management of The Company

I, **CHOO SENG HONG**, being the officer primarily responsible for the financial management of **SCIENTEX BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHOO SENG HONG
(MIA MEMBERSHIP NO. 11057)

Subscribed and solemnly declared by the abovenamed
CHOO SENG HONG at **KUALA LUMPUR, WILAYAH PERSEKUTUAN**
on this 23rd day of October 2019.

Before me,
KAPT (B) JASNI BIN YUSOFF (W465)
Commissioner for Oaths
Kuala Lumpur
Wilayah Persekutuan

List of Properties Held by The Group

As at 31 July 2019

Location	Description/ Existing Use	Tenure	Land Area (Acres)	Built-up Area (sq.ft.)	Net Book Value (RM'000)	Age of Building (Year)	Year of Acquisition/ Revaluation*
Geran 488391 Lot 64189 Mukim of Pulai District of Johor Bahru State of Johor	Land for mixed development	Freehold	334.6	-	308,910	-	2018
GRN 38309 Lot 1608, Mukim Rawang District of Gombak State of Selangor	Land, factory buildings, office and warehouse for industrial use	Freehold	28.7	502,839	122,922	8 - 21	2015*
Geran 315412 Lot 12165 Mukim of Rawang District of Gombak State of Selangor	Land for mixed development	Freehold	46.0	-	73,925	-	2017
GRN 22740 Lot 3267 GRN 62221 Lot 4017 GRN 62222 Lot 4018 Mukim of Durian Tunggal District of Alor Gajah State of Melaka	Land for mixed development	Freehold	208.9	-	71,238	-	2019
H.S. (D) 135841 P.T. No. 129324 Mukim and District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 24.02.2097	12.5	259,561	71,229	4 - 7	2015*
Lot No. 215, Section 15 Town of Shah Alam District of Petaling State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 27.07.2097	8.2	290,515	67,490	3 - 49	2015*
Various sub-divided lots in Mukim of Pulai District of Johor Bahru State of Johor	Land for mixed development	Freehold	90.6	-	60,715	-	2016
H.S. (D) 54426 PTD 104532 Geran 429849 Lot 48172 Mukim of Kulai District of Kulaijaya State of Johor	Land for mixed development	Freehold	73.0	-	43,056	-	2017
GM 2209 Lot 3349 GM 2190 Lot 3351 Mukim Kapar District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Freehold	7.6	207,198	42,191	33 - 38	2018
P.T. No. 125486 Mukim and District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 24.02.2097	10.2	197,505	38,246	16 - 18	2015*

Analysis of Shareholdings

As at 17 October 2019

Type of Shares	-	Ordinary Shares
Voting Rights	-	One vote per ordinary share
No. of Shareholders	-	5,415

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings *	% *
Less than 100	345	6.37	10,515	0.00 ^
100 - 1,000	1,117	20.62	679,113	0.13
1,001 - 10,000	2,345	43.31	9,869,512	1.91
10,001 - 100,000	1,288	23.79	35,955,466	6.98
100,001 to less than 5% of issued shares	316	5.84	245,089,292	47.57
5% and above of issued shares	4	0.07	223,657,474	43.41
Total	**5,415**	**100.00**	**515,261,372**	**100.00**

Notes:-

* *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

^ *Less than 0.01%.*

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	No. of Shares Held in the Company			
Name	Direct Interest	% *	Deemed Interest	% *
1 Lim Peng Jin	2,414,524	0.47	282,337,978 [A]	54.80
2 Lim Peng Cheong	50,000	0.01	266,808,554 [B]	51.78
3 Scientex Holdings Sdn Berhad	108,515,624	21.06	47,159,204 [C]	9.15
4 Scientex Leasing Sdn Bhd	47,159,204	9.15	-	-
5 Scientex Infinity Sdn Bhd	41,631,856	8.08	26,350,790 [D]	5.11
6 TM Lim Sdn Bhd	26,350,790	5.11	-	-

Notes:-

* *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

[A] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Progress Innovations Sdn Bhd.*

[B] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Paradox Corporation Sdn Bhd.*

[C] *Deemed interest through Scientex Leasing Sdn Bhd.*

[D] *Deemed interest through TM Lim Sdn Bhd.*

DIRECTORS' SHAREHOLDINGS (as per Register of Directors' Shareholdings)

	No. of Shares Held in the Company			
Name	Direct Interest	% *	Deemed/ Indirect Interest	% *
1 Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	88,880	0.02	236,600 [a]	0.05
2 Lim Peng Jin	2,414,524	0.47	282,368,578 [b]	54.80
3 Lim Peng Cheong	50,000	0.01	269,178,390 [c]	52.24
4 Wong Chin Mun	81,000	0.02	-	-
5 Dato' Noorizah Binti Hj Abd Hamid	-	-	-	-
6 Ang Kim Swee	111,000 [d]	0.02	6,000 [e]	0.00 ^

Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, the Directors in office did not have any interest in shares in the Company or its related corporations.

Analysis of Shareholdings

Notes:-
- * *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*
- ^ *Less than 0.01%.*
- [a] *Indirect interests through Shareena Binti Mohd Sheriff and Mohd Ridzal Bin Mohd Sheriff.*
- [b] *Deemed/indirect interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd, Progress Innovations Sdn Bhd and Lee Chung Yau.*
- [c] *Deemed/indirect interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Scientex Infinity Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd, Paradox Corporation Sdn Bhd, Yong Sook Lan, Lim Jian You, Lim Chia Wei and Lim Jian Yen.*
- [d] *Held through nominee company.*
- [e] *Indirect interests through Ang Ying Fen and Ang Huang Yao.*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No.	Name	No. of Shares Held	% *
1	Scientex Holdings Sdn Berhad	108,515,624	21.06
2	Scientex Leasing Sdn Bhd	47,159,204	9.15
3	Scientex Infinity Sdn Bhd	41,631,856	8.08
4	TM Lim Sdn Bhd	26,350,790	5.11
5	Sim Swee Tin Sdn Bhd	24,160,000	4.69
6	Progress Innovations Sdn Bhd	16,205,100	3.15
7	Low Geoff Jin Wei	8,587,972	1.67
8	UOBM Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Malacca Securities Sdn Bhd*	8,400,000	1.63
9	Citigroup Nominees (Tempatan) Sdn Bhd *- Employees Provident Fund Board (Nomura)*	6,811,700	1.32
10	HSBC Nominees (Asing) Sdn Bhd *- KBL Euro PB for Samarang UCITS – Samarang Asian Prosperity*	6,474,200	1.26
11	Citigroup Nominees (Asing) Sdn Bhd *- Exempt An for Citibank New York (Norges Bank 14)*	6,077,200	1.18
12	Lim Koy Peng	5,012,971	0.97
13	Cartaban Nominees (Asing) Sdn Bhd *- BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund*	4,051,200	0.79
14	ABB Nominee (Tempatan) Sdn Bhd *- Pledged Securities Account for Malacca Securities Sdn Bhd*	4,000,000	0.78
15	Malaysia Nominees (Tempatan) Sendirian Berhad *- Pledged Securities Account for Malacca Securities Sdn Bhd (35-00334-000)*	4,000,000	0.78
16	Saw Soon Lin	3,933,688	0.76
17	Hong Leong Assurance Berhad *- As Beneficial Owner (Life Par)*	3,887,600	0.75
18	Cartaban Nominees (Tempatan) Sdn Bhd *- PAMB for Prulink Equity Fund*	3,551,500	0.69
19	HSBC Nominees (Asing) Sdn Bhd *- JPMCB NA for Vanguard Total International Stock Index Fund*	3,028,508	0.59
20	Wong Mook Weng @ Wong Tsap Loy	2,796,576	0.54
21	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	2,483,228	0.48
22	Yatee & Sons Sdn Bhd	2,481,566	0.48
23	Lim Peng Jin	2,414,524	0.47
24	Cimsec Nominees (Tempatan) Sdn Bhd *- CIMB for Yulina Binti Baharuddin (PB)*	2,397,658	0.47
25	Chua Ah Nee	2,326,283	0.45
26	Cartaban Nominees (Asing) Sdn Bhd *- SSBT Fund IM94 For FIAM Group Trust for Employee Benefit Plans: FIAM Emerging Markets Commingled Pool*	2,060,200	0.40
27	Cartaban Nominees (Asing) Sdn Bhd *- Exempt An For State Street Bank & Trust Company (West CLT OD67)*	1,927,700	0.37
28	Citigroup Nominees (Asing) Sdn Bhd *- Exempt An For Citibank New York (Norges Bank 1)*	1,807,180	0.35
29	HLB Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Mplusonline Sdn Bhd*	1,800,000	0.35
30	Loh Hoay Chye & Sons Sdn Bhd	1,792,000	0.35
	Total	**356,126,028**	**69.12**

Notes:-
- * *Excluding a total of 100 ordinary shares purchased by the Company and retained as treasury shares.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-First Annual General Meeting of the Company will be held at **Scientex Packaging Film Sdn Bhd, Lot 4, Jalan Sungai Pinang 4/3, Seksyen 4, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan** on **Tuesday, 17 December 2019** at **11.30 a.m.** for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2019 together with the Reports of the Directors and Auditors thereon.

2. To declare a single tier final dividend of 10 sen per ordinary share in respect of the financial year ended 31 July 2019. ***(Resolution 1)***

3. To re-elect the following Directors who retire by rotation in accordance with Article 92 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Wong Chin Mun ***(Resolution 2)***

   (b) Ang Kim Swee ***(Resolution 3)***

4. To approve the payment of Directors' fees of RM730,000 for the financial year ended 31 July 2019. ***(Resolution 4)***

5. To re-appoint Deloitte PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 5)***

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

6. **Ordinary Resolution I**
   Authority to Directors to Allot and Issue Shares Pursuant to the Companies Act 2016

   "THAT subject to the Companies Act 2016, the Articles of Association of the Company and the approvals and/or requirements of the relevant governmental and/or regulatory authorities, where necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company from time to time at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be allotted and issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 6)***

7. **Ordinary Resolution II**
   Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company ("New Scientex Shares"), for the Purpose of the Company's Dividend Reinvestment Plan ("DRP") that Provides the Shareholders of the Company ("Shareholders") the Option to Elect to Reinvest Their Cash Dividend in New Scientex Shares

   "THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 6 December 2017 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of New Scientex Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting of the Company upon terms and conditions and to such persons as the Directors of the Company may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said New Scientex Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("VWAMP") of New Scientex Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of New Scientex Shares.

   AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company." ***(Resolution 7)***

Notice of Annual General Meeting

8. **Ordinary Resolution III**
Proposed Renewal of Share Buy-Back Authority

"THAT subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act 2016 ("Act"), provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase on the market and/or hold such number of the Company's issued ordinary shares ("Scientex Shares") through Bursa Securities ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company subject to the following:-

(a) The maximum number of Scientex Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

(b) The maximum fund to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained earnings of the Company based on its latest audited financial statements. As at 31 July 2019, the audited retained earnings of the Company was RM141,205,000; and

(c) The authority conferred by this resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next Annual General Meeting after the date is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.

THAT the Directors be and are hereby authorised to deal with the shares purchased by the Company pursuant to the Proposed Share Buy-Back in their absolute discretion and that the shares so purchased may be retained as treasury shares, distributed as share dividends to the shareholders, resold on the market of Bursa Securities, transferred and/or cancelled in accordance with the Act and/or be dealt with in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force, as may be selected and determined by the Directors from time to time.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and to do all such acts and things as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto." ***(Resolution 8)***

9. **Special Resolution**
Proposed Adoption of New Constitution of the Company

"THAT approval be and is hereby given for the Company to alter or amend the whole of its existing Memorandum and Articles of Association by the replacement thereof with a new Constitution as set out in the Statement/Circular to Shareholders dated 18 November 2019 with immediate effect AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any 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." ***(Resolution 9)***

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders, the proposed single tier final dividend will be paid on 10 January 2020 to shareholders whose names appeared in the Record of Depositors of the Company on 27 December 2019.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the depositor's securities account before 4.30 p.m. on 27 December 2019;

(b) Shares deposited into the depositor's securities account before 12.30 p.m. on 26 December 2019 (in respect of shares which are exempted from mandatory deposit); and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to Rules of Bursa Malaysia Securities Berhad.

Notice of Annual General Meeting

By Order Of The Board

TUNG WEI YEN (MAICSA 7062671)
ONG LING HUI (MAICSA 7065599)
Secretaries

Shah Alam
18 November 2019

Notes:-

1. ***Appointment of Proxies and Entitlement of Attendance***

   (i) *A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint at least one (1) proxy to attend, participate, speak and vote in his/her stead and where a member appoints two (2) or more proxies, he/she shall specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.*

   (ii) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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. The appointment of two (2) or more proxies in respect of any particular securities account or omnibus account shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

   (iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or officer.*

   (iv) *The form of proxy must be deposited at the registered office of the Company at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*

   (v) *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 10 December 2019 shall be regarded as a member and entitled to attend, participate, speak and vote at the meeting or appoint proxy to attend, participate, speak and/or vote on his/her behalf.*

2. ***Audited Financial Statements***

   Agenda 1 is for discussion at the meeting and no voting is required.

3. ***Re-election of Directors***

   The Directors who subject to re-election have been assessed by the Board of Directors of the Company ("Board") through Nomination and Remuneration Committee.

4. ***Directors' Fees***

   The Nomination and Remuneration Committee and the Board have reviewed the Directors' fees after taking into account the performance and continuing growth of Scientex Group. Further information of the Directors' Fees/Remuneration is set out in the Corporate Governance Overview Statement of the Company's Annual Report 2019.

5. ***Explanatory Notes on Special Business:-***

   (i) ***Authority to Directors to Allot and Issue Shares Pursuant to the Companies Act 2016***

   Resolution 6, if passed, will empower the Directors to allot and issue shares up to a maximum of ten percent (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 5 December 2018 and which will lapse at the conclusion of the Fifty-First Annual General Meeting.

   This is a renewal of general mandate, if approved, will provide flexibility to the Company to avoid any delay and cost in convening a general meeting for such issuance of shares for any possible fund raising exercise(s), including but not limited to placing of shares for the purpose of funding future expansion(s), investment project(s), working capital and/or acquisition(s) and/or for general corporate purposes and/or any strategic reasons.

5. ***Explanatory Notes on Special Business (cont'd):-***

   (ii) ***Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares in the Company ("New Scientex Shares"), for the Purpose of the Company's Dividend Reinvestment Plan ("DRP") that Provides the Shareholders of the Company ("Shareholders") the Option to Elect to Reinvest Their Cash Dividend in New Scientex Shares***

   Resolution 7, if approved, will re-new the authority given to the Directors to allot and issue New Scientex Shares pursuant to the DRP under the resolution passed at the Fiftieth AGM held on 5 December 2018, the authority of which will lapse at the conclusion of the Fifty-First AGM.

   (iii) ***Proposed Renewal of Share Buy-Back Authority***

   Resolution 8, if passed, will empower the Company to purchase and/or hold the Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless renewed, revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement/Circular to Shareholders dated 18 November 2019, which is dispatched together with the Company's Annual Report 2019.

   (iv) ***Proposed Adoption of New Constitution of the Company***

   The proposed amendments to the existing Memorandum and Articles of Association of the Company are made mainly to ensure compliance with the relevant provisions of the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In view of the substantial amounts of proposed amendments to the Memorandum and Articles of Association, the Board proposed that the existing Memorandum and Articles of Association be altered or amended by the Company in its entirety by the replacement thereof with a new constitution. Further information on the Proposed Adoption of New Constitution of the Company is set out in the Statement/Circular to Shareholders dated 18 November 2019, which is dispatched together with the Company's Annual Report 2019.

6. ***Poll Voting***

   Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

Statement Accompanying Notice of Annual General Meeting

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

1. **Details of individuals who are standing for election as Directors**

   No individual is seeking election as Director at the forthcoming Fifty-First Annual General Meeting of the Company.

2. **Statement relating to the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements**

   The details of the general mandate are set out in the Notice of Annual General Meeting dated 18 November 2019 under item (i) of the Explanatory Notes on Special Business.

FORM OF PROXY

SCIENTEX BERHAD
Company No. 196801000264 (7867-P)
(Incorporated in Malaysia)

I/We ______________________________ NRIC No./Passport No./Company No. ______________________

Contact/Mobile Phone No. ______________________ CDS Account No. ______________________

Number of Shares Held ______________________ of ______________________

____

being a member/members of SCIENTEX BERHAD hereby appoint:-

i) Name of Proxy "A": ______________________ NRIC No./Passport No./Company No. ______________________

Address: ____

______________________ Number of Shares Represented: ______________________

and/or failing him/her,

ii) Name of Proxy "B": ______________________ NRIC No./Passport No./Company No. ______________________

Address: ____

______________________ Number of Shares Represented: ______________________

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us and on my/our behalf at the Fifty-First Annual General Meeting of the Company to be held at **Scientex Packaging Film Sdn Bhd, Lot 4, Jalan Sungai Pinang 4/3, Seksyen 4, Taman Perindustrian Pulau Indah, 42920 Pelabuhan Klang, Selangor Darul Ehsan** on **Tuesday, 17 December 2019** at **11.30 a.m.** or at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	PROXY A		PROXY B	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the declaration of a single tier final dividend of 10 sen per ordinary share.				
2.	To re-elect Wong Chin Mun as Director of the Company.				
3.	To re-elect Ang Kim Swee as Director of the Company.				
4.	To approve the payment of Directors' fees of RM730,000.				
5.	To re-appoint Deloitte PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration.				
6.	To authorise the Directors to allot and issue shares pursuant to the Companies Act 2016.				
7.	To approve the Proposed Renewal of Authority to allot and issue new ordinary shares under the Company's Dividend Reinvestment Plan.				
8.	To approve the Proposed Renewal of Share Buy-Back Authority.				
9.	To approve the Proposed Adoption of New Constitution of the Company.				

Please indicate with (✗) how you wish your vote to be cast. In the absence of specific instruction, your proxy/proxies will vote or abstain from voting at his/her discretion.

Dated this __________ day of ______________ 2019.

____
Signature of Member(s)

Notes:-

1. *A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint at least one (1) proxy to attend, participate, speak and vote in his/her stead and where a member appoints two (2) or more proxies, he/she shall specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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. The appointment of two (2) or more proxies in respect of any particular securities account or omnibus account shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney or officer.*
4. *The form of proxy must be deposited at the registered office of the Company at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*
5. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 10 December 2019 shall be regarded as a member and entitled to attend, participate, speak and vote at the meeting or appoint proxy to attend, participate, speak and/or vote on his/her behalf.*
6. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of Annual General Meeting will be put to vote by poll.*

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COMPANY SECRETARY

SCIENTEX BERHAD
196801000264 (7867-P)

No. 9, Persiaran Selangor

Seksyen 15, 40200 Shah Alam

Selangor Darul Ehsan, Malaysia

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SCIENTEX BERHAD
196801000264 (7867-P)

No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel: +603-5524 8888/+603-5519 1325 (Hunting Line) Fax: +603-5519 1884 Email: info@scientex.com.my
Website: www.scientex.com.my

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