



**SCC HOLDINGS BERHAD**  
511477-A

# GREEN SOLUTIONS

FOR THE FUTURE OF THE  
WORLD & MANKIND



[www.scc.com.my](http://www.scc.com.my)



ANNUAL REPORT 2018



# THE VISION & MISSION

Together we build green and wellness enterprises

We strive to lead more people towards green and healthy living

**OBJECTIVE** For the health of next generation and future earth

## OUR CORE VALUES

- ▶ **People**  
We believe in our workforce. "SCC People" have a strong work ethic, are passionate with dedication to every success, and are a bond of love and care. We are committed to expand the potential of "SCC People" through the support of continuous education & training.
- ▶ **Innovation**  
We continuously develop and try out new ideas and concepts in anticipation of our customers present and future needs.
- ▶ **Teamwork**  
Our company success is highly dependent on our dynamic team with mutual understanding, respect and full participation to attain a consensus for all tasks undertaken.
- ▶ **Integrity**  
We hold strongly that our business reputation is built on the honesty in all our dealings with our business partners.
- ▶ **Work Environment**  
We are dedicated to upkeep a safe, clean & healthy environment in order to create a harmonious workplace which is conducive to total job efficiency.
- ▶ **Total Customer Satisfaction**  
We strive to delight our customers by providing valued quality products & services to sustain a long term business partnership.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Chee Long Sing @ Cher Hwee Seng**  
Executive Chairman

**Cher Sew Seng**  
Managing Director

**Goh Ah Heng @ Goh Keng Chin**  
Executive Director

**Cher Lip Chun**  
Executive Director

**Chu Soo Meng**  
Executive Director

**Dato' Ismail bin Hamzah**  
Independent Non-Executive Director

**Dato' Dr. Choong Tuck Yew**  
Independent Non-Executive Director

**Datuk Wira Dr. Goy Hong Boon**  
Independent Non-Executive Director

## AUDIT COMMITTEE

Dato' Dr. Choong Tuck Yew  
(Chairman)  
Dato' Ismail bin Hamzah  
Datuk Wira Dr. Goy Hong Boon

## NOMINATION COMMITTEE

Dato' Ismail bin Hamzah  
(Chairman)  
Dato' Dr. Choong Tuck Yew  
Datuk Wira Dr. Goy Hong Boon

## REMUNERATION COMMITTEE

Dato' Dr. Choong Tuck Yew  
(Chairman)  
Dato' Ismail bin Hamzah  
Chee Long Sing @ Cher Hwee Seng

## COMPANY SECRETARIES

Wong Yuet Chyn (MAICSA 7047163)  
Lee Wee Hee (MAICSA 0773340)

## AUDITORS

UHY (AF1411)  
Chartered Accountants  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan (KL)

## SHARE REGISTRAR

ShareWorks Sdn Bhd (229948-U)  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Tel : (603) 6201 1120  
Fax : (603) 6201 3121

## REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Tel : (603) 6201 1120  
Fax : (603) 6201 3121

## STOCK EXCHANGE LISTING

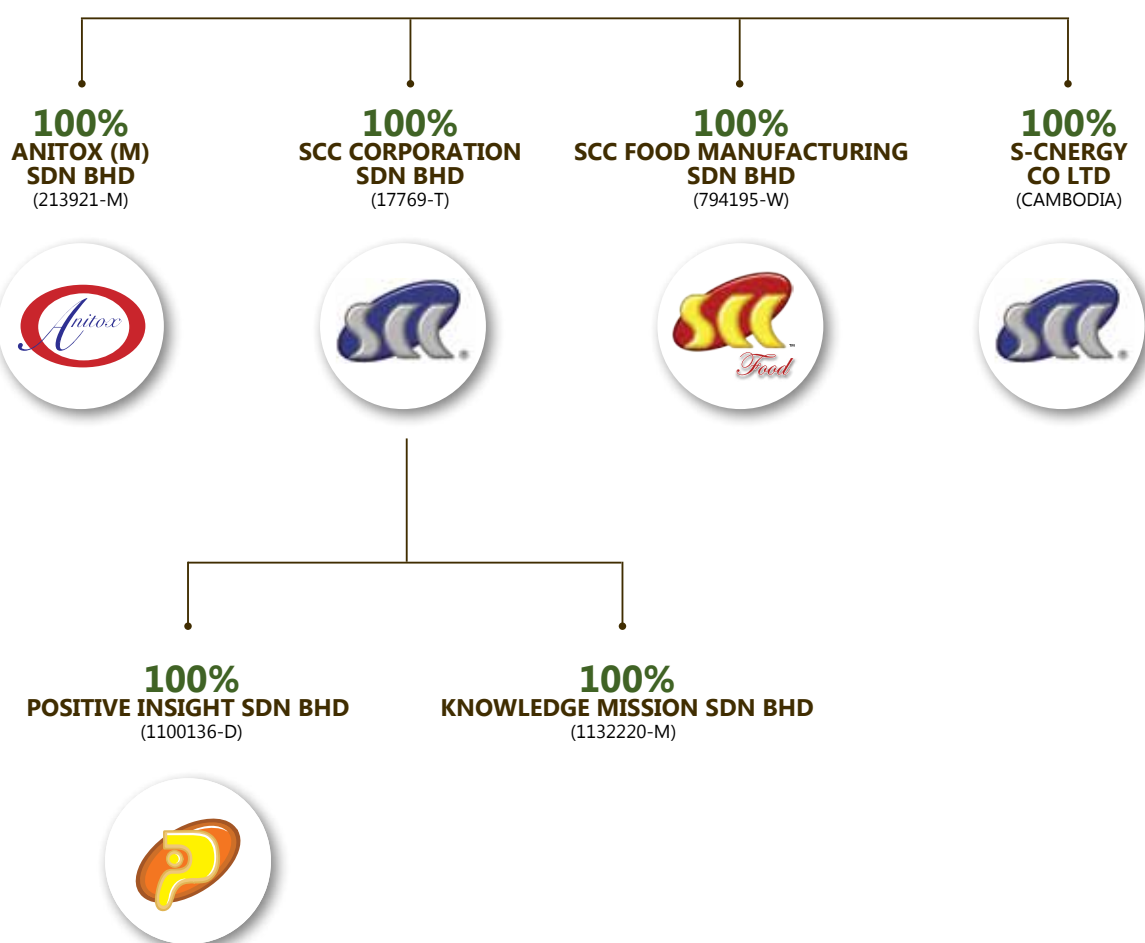
ACE Market  
Bursa Malaysia Securities Berhad

Listed on 3 August 2010

# CORPORATE STRUCTURE



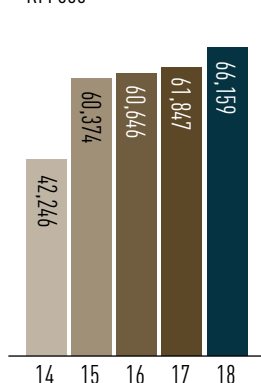
**SCC HOLDINGS BERHAD**  
(511477-A)



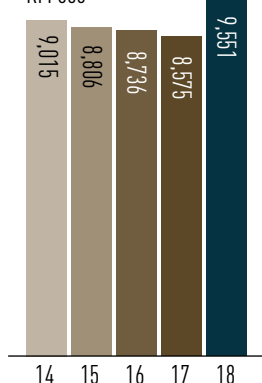
# FINANCIAL HIGHLIGHTS

		2014	2015	2016	2017	2018
Revenue	RM'000	42,246	60,374	60,646	61,847	66,159
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	9,228	9,258	9,402	9,159	10,138
Profit For The Year Attributable to Equity Holders	RM'000	6,574	6,406	6,777	6,050	7,149
Profit For The Year Margin	%	15.56	10.61	11.17	9.50	10.81
Shareholders' Equity	RM'000	33,780	35,924	38,468	40,130	42,435
Return On Shareholders' Equity	%	19.46	17.83	17.62	15.08	16.85
Basic Earnings Per Share**	SEN	15.38	14.98	15.84	4.29	5.06
Interim and Special Dividend Per Share	SEN	10.00	10.00	10.00	6.60	3.40

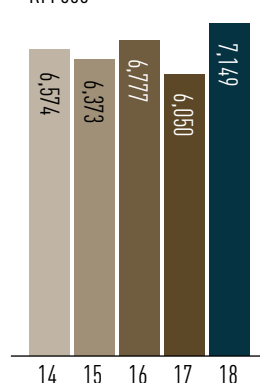
**REVENUE**  
RM'000



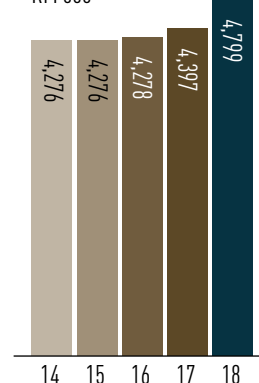
**GROUP PBT**  
RM'000



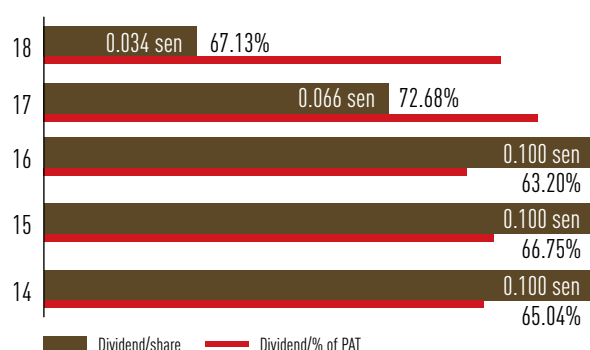
**GROUP PAT**  
RM'000



**DIVIDEND**  
RM'000



**SCC HOLDINGS BHD DIVIDEND TREND \***



**SCC HOLDINGS BHD EPS (SEN) TREND \***



\* Adjusted for Bonus Issue and Share Split exercise in 2017

# DIRECTORS' PROFILE

## **Chee Long Sing @ Cher Hwee Seng (Ben Cher)**

Executive Chairman  
Malaysian, aged 75, Male

Mr Ben Cher was appointed to our Board on 17 April 2000 and was appointed as Executive Chairman and member of the Remuneration Committee on 1 April 2010. He is a co-founder of the Group. He is responsible for our Group's business development activities. He co-founded a partnership, Cheong Cheng Trading Co. in 1972, which was engaged in the provision of animal health products. In 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. He was appointed as the Managing Director in 1974 before being appointed to Executive Chairman in 1988. Mr Cher has more than 47 years of experience in the animal health products and foodservice equipment industries. Mr Ben Cher is the elder brother of Mr Francis Cher, uncle of Mr Chu Soo Meng and father of Mr Adam Cher. He has attended all five (5) Board meetings held during the financial year.

## **Cher Sew Seng (Francis Cher)**

Managing Director  
Malaysian, aged 69, Male

Mr Francis Cher was appointed to our Board on 17 April 2000 and was appointed as Managing Director on 1 April 2010. Mr Francis Cher is a co-founder of the Group. He is responsible for the overall business strategies and management. He joined Cheong Cheng Trading Co. as a Sales Executive in 1972. Later in 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. He was appointed as a Director in 1976 before being appointed as Managing Director in 1988. Mr Francis Cher has more than 46 years of experience in the animal health products and foodservice equipment industries. He is the younger brother of Mr Ben Cher, uncle of Mr Chu Soo Meng and Mr Adam Cher. He has attended all five (5) Board meetings held during the financial year.

## **Goh Ah Heng @ Goh Keng Chin**

Executive Director  
Malaysian, aged 73, Male

Mr Goh was appointed to our Board on 1 April 2010 and is our Executive Director. Mr Goh is a co-founder of the Group. He is responsible for the sales, marketing and overall management of our Animal Health Products Division ("AHPD"). He co-founded Cheong Cheng Trading Co. in 1972. In 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. Mr Goh was appointed as a Director in 1976 before being appointed to Sales Director in 1982. Mr Goh has more than 46 years of experience in the animal health products and foodservice equipment industry. He has attended all five (5) Board meetings held during the financial year. He has no family relationship with any directors and/or major shareholders of the Company.

## **Chu Soo Meng**

Executive Director  
Malaysian, aged 54, Male

Mr Chu was appointed to our Board on 2 July 2012 and is our Executive Director. Mr Chu is responsible for the sales and marketing and overall management of Foodservice Equipment Division ("FSED"). He obtained his Sijil Pelajaran Malaysia from Sekolah Menengah Datuk Bentara Luar, Batu Pahat, Johor in 1983. He started his career with SCC Corporation Sdn Bhd as a Service Representative in FSED in 1984. He later served as a Sales Executive before being promoted to Regional Sales Executive in 1995. In 1998, he was promoted to Sales Manager and has been our FSED Division Manager since 2007. Mr Chu has more than 34 years of experience in foodservices equipment industry. He is the nephew of Mr Ben Cher and Mr Francis Cher, and cousin with Mr Adam Cher. He has attended all five (5) Board meetings held during the financial year.

## **Cher Lip Chun (Adam Cher)**

Executive Director  
Malaysian, aged 43, Male

Mr Adam Cher was appointed to our Board on 2 July 2012 and is our Executive Director. He is responsible for the overall sales & administration of SCC Food Manufacturing Sdn Bhd and business development activities of the Group. He obtained his Bachelor of Business (Marketing/International Business Management) from Charles Sturt University, Australia in 2002. In 2005, he joined SCC Corporation Sdn Bhd as Assistant Marketing Manager in the Foodservice Equipment Division ("FSED"), where he was responsible for the management of FSED's key customers. In 2008, he was promoted to Personal Assistant to the Executive Chairman and Business Development Manager of the Group, for both AHPD and FSED. In 2010, Mr Adam Cher was appointed as Alternate Director to Chee Long Sing @ Cher Hwee Seng. Mr Adam has more than 14 years of experience in the animal health products and foodservice equipment industries. He is the son of Mr Ben Cher, nephew of Mr Francis Cher and cousin with Mr Chu Soo Meng. He has attended all five (5) Board meetings held during the financial year.



## DIRECTORS' PROFILE

(cont'd)

### **Dato' Ismail bin Hamzah**

Independent Non-Executive Director  
Malaysian, aged 73, Male

Dato' Ismail was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director. He is the Chairman of our Nomination Committee and a member of our Audit Committee and Remuneration Committee. Dato' Ismail obtained his Bachelor of Economics (Hons) in Analytical Economics from the University of Malaya in 1970. Upon graduation, he joined the Administrative and Diplomatic Service and served in the Ministry of Finance as an Assistant Secretary. He has over 35 years of experience in economics and finance which he acquired from his previous key positions held in several Malaysian governmental agencies. Dato' Ismail is also the Independent Non-Executive Director of JKG Land Berhad, GUH Holdings Berhad and Jasa Kita Berhad.

He has attended all five (5) Board meetings held during the financial year. He has no family relationship with any directors and/or major shareholders of the company.

### **Dato' Dr. Choong Tuck Yew**

Independent Non-Executive Director  
Malaysian, aged 80, Male

Dato' Dr. Choong Tuck Yew was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director. He is the Chairman of our Audit and Remuneration Committees and a member of our Nomination Committee.

Dato' Dr. Choong, who possesses a Master of Business Administration and a Doctor of Commercial Science from Oklahoma City University, USA, is a Chartered Accountant (Malaysian Institute of Accountants) as well as a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of CPA Australia, the Malaysian Institute of Chartered Secretaries and Administrators, Chartered Tax Institute of Malaysia and a Chartered Fellow of the Institute of Internal Auditors Malaysia.

In the early years of his career, Dato' Dr. Choong worked as an Accountant in several private companies prior to his joining Bank Negara Malaysia (The Central Bank of Malaysia) in 1968. In 1987, he was promoted as the Chief Manager in charge of supervising all the branches of Bank Negara Malaysia. In 1990, he was seconded by Bank Negara Malaysia as the Managing Director of Visia Finance Berhad, a licensed finance company.

He has attended all five (5) Board meetings held during the financial year. He has no family relationship with any director and/or major shareholders of the company.

### **Datuk Wira Dr. Goy Hong Boon**

Independent Non-Executive Director  
Malaysian, aged 47, Male

He was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director and member of Audit Committee and Nomination Committee. He is a corporate consultant with extensive experience in local and international capital markets likewise in the field of information communication technology. He started his career as corporate finance manager with an International Investment Bank at the advisory division in Malaysia, where his last held position was head of corporate finance and advisory, where he assisted several large corporations and GLC on raising capital via international financial market. Later, he joined a leading local financial firm as Vice President for Business Development and Corporate Advisory. Subsequently, he ventured into various ICT businesses before setting up his own consulting business specializing in Merger & Acquisition, Corporate restructuring, Pre-Initial Public Offerings and project funding for SME company.

He graduated with a BBA degree in 1992 from American Intercontinental University of London (presently known as Regent's University London). He also holds an MBA from Oklahoma City University graduated in 1994. He also possesses a Doctorate degree (DBA) in Strategic Management. He was awarded Master of Financial Management (MFP) certification from American Academy of Financial Management. He is member of Chartered Audit Committee Director from The Institute of Internal Auditors Malaysia.

He has been awarded the title "Datuk Wira" by the state of Melaka, prior to that he was bestowed with Darjah Indera Mahkota Pahang, and Darjah Johan Negeri (DJN) by the state of Penang.

He is the Executive Director cum Deputy Chairman of Peterlabs Holdings Berhad.

He has attended all five (5) Board meetings held during the financial year. He has no family relationship with any directors and/or major shareholders of the Company.

### **Other Information**

- a. Directorship in Public Companies and Listed Issuers**  
*Save for Dato' Ismail, Dato' Dr. Choong and Datuk Wira Dr. Goy Hong Boon, none of the Directors has any directorship in Public Companies and listed Issuers.*
- b. Conflict of Interest**  
*None of the Directors has any conflict of interest with SCC Holdings Berhad.*
- c. Conviction of Offences**  
*None of the Directors has been convicted for any offences within the past 5 years other than traffic offences, if any.*



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# CHAIRMAN'S STATEMENT

## Dear Shareholders,

On behalf of the Board of Directors ("Board"), we wish to express our sincere gratitude to our shareholders, customers, business associates, suppliers, bankers, stakeholders and government authorities for their confidence and support to the Board and Management. I am pleased to present Annual Report 2018 and Audited Financial Statements of SCC Holdings Berhad and its subsidiaries ("Group" or "SCCHB Group") for the financial year ended 31 December 2018.

Year 2018 saw many changes for the first time in history domestically and internationally. The voices of the people become more powerful and they show them through the votes and even bring them to the streets. These matters bring new uncertainties to the market and create confusions and hesitation to the business world.

There will be more challenges in 2019 and we will be much more prudent in conducting business to face any difficulties that might be waiting for us.

We wish to extend our appreciation to members of Management team and employees of the Group for their hard work, focus and determination and wish to receive their continuous support and dedicated contribution which is vital to the Group's success.

Last but not least, we hope for a smooth, stable and prosperous 2019.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF BUSINESS AND OPERATIONS

SCC Holdings Berhad is principally an investment holding company listed on the ACE Market of Bursa Malaysia Securities Berhad since 3rd August 2010 under the Trading/ Services and had been reclassified to Consumer Products and Services category in 2018.

Our group is involved in the business of distributing well-known brands of industrial-grade foodservice equipment and food supplies to the F&B markets which are widely used in restaurants, cafes, fast food restaurants and kiosks, cinemas and hypermarkets among others. We also supply animal health products to feed mills and livestock industries while our food manufacturing division produces food premixes for related industries.

The Group continues to explore new markets for its products and expand its customer base to reduce dependency on a few key customers to deliver maximum value to its stakeholders.

Our financial results and highlights for the past 5 years are shown on a separate page.

**RM7.15M**  
PROFIT AFTER TAX

**RM66.16M**  
REVENUE



## FINANCIAL PERFORMANCE REVIEW

### Review on Statement of Comprehensive Income

During the year under review, the Group recorded the highest revenue of RM66.16m and highest profit after taxation of RM7.15m since its inception. The increase was spearheaded by our Foodservice Equipment Division ("FSED"), followed by Animal Health Products Division ("AHPD"), mainly attributed to higher demand from customers. However, Food Manufacturing Division ("SCCFM") recorded lower revenue amid a competitive operating environment.

In tandem with the increase in revenue by approximately 7%, our gross profit increase by approximately 8% due to a lower cost of sales. Despite the increase in revenue, selling and distribution costs incurred to support the revenue growth have decreased by 3% due to cost savings exercises and stringent cost controls in selling and distribution costs. Administrative and other operating expenses increased by 8% mainly due to higher staff expenses.

Profit before tax of the Group increased by approximately 11%, which is in line with the higher operating profit in FYE 2018.

### Review on Statement of Financial Position

Non-current assets increased by almost 13% mainly due to purchase of fixed assets during the year under review in preparation for the upcoming projects.

The decrease in Trade Receivables by RM0.39m despite the increase in revenue of the Group is primarily due to improved collection during the financial year.

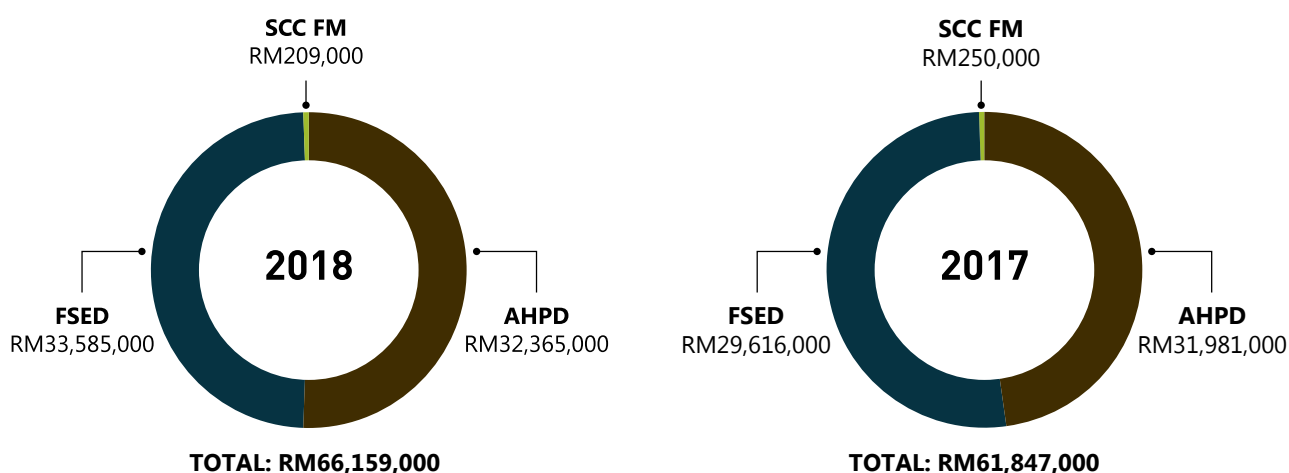
Inventories have increased mainly due to higher purchases towards end of the financial year in preparation of early festival season in 2019.

## WORKING CAPITAL, LIQUIDITY

The Group continues to maintain a healthy cash flows position in FYE2018 with near zero gearing which places it in a favourable financial position to capture any future opportunity and stayed one step ahead of the competition.

## DIVIDEND POLICY

The Company does not have a formal dividend policy but the Management envisages a dividend payout ratio of approximately 35% of the company's profit after tax to shareholders in each financial year. Since its inception, the company has consistently payout dividend of more than 35% of the company's profit after tax to shareholders (please refer to page 4).



Group Revenue by Business Segment

## SEGMENTAL BUSINESS REVIEW/ REVIEW OF OPERATING ACTIVITIES

Our business structure is divided into 3 segments:

### Animal Health Products Division ("AHPD")

Revenue contribution from AHPD increased marginally by RM0.38m or 1.2%. Its total revenue contribution for the year represented approximately 48.9% of the Group's total revenue.

The slight increase is mainly due to higher demand from its customers during the financial year. The feed additives and pathogen control market remain competitive with minimal new customers on board. We managed to sell more of the methionine, however the prices of amino acid tumble due to oversupply in the market during the financial year. Overall, we managed to sell 7.8% more in quantity, but the revenue improved by only 1.2%.

The division will continue to source new products to complement its existing range of products to enhance its product portfolio.

### Foodservice Equipment Division ("FSED")

The segment saw an increase in revenue of RM3.97m and improved approximately 13.4% from FYE 2017 and contributed 50.8% to the overall revenue of the Group.

The increase is mainly due to increased demand for our foodservice equipment and after sales services by our customers.

Despite most of our products carry premium pricing, due to excellence after sales service and support, the division continues to flourish. FSED managed to achieve a record breaking year with its' highest ever revenue since inception. We have added 2 additional international foodservice equipment brands to our products portfolio during the year and continue to work hard to command market leadership and offer more choices to customers.

### Food Manufacturing ("SCCFM")

For FYE2018, SCCFM recorded 16.4% decrease in revenue which represented 0.3% of total group revenue due to decrease in demands from chain restaurants.

The division will expand the range of food premixes and improve production efficiency through continuous R&D effort in formulation of new recipes and ingredients to fuel further growth in the segment.

SCCFM has expanded its manufacturing capability and capacity to cater for upcoming products and markets during the year, aiming for mid to long-term success.



## MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

### ANTICIPATED OR KNOWN RISKS

#### Foreign Currency Exchange Fluctuation

The Group is exposed to currency exchange fluctuation as most of the Group's purchases are denominated in foreign currencies such as US Dollar.

In order to minimise exposure to significant fluctuations in the RM to USD, the Group hedges through foreign exchange forward contracts.

Besides that, the risk is also mitigated through natural hedge between sales and purchases in USD, albeit to a limited extent.

The Management will continue to closely monitor our foreign exchange exposure by keeping abreast of the economic and political situations of the countries that we deal with.

#### Exposure to Credit Risk

The Group's exposure to credit risk arises primarily from trade receivables. It is the Group's objective to seek continuous revenue growth while minimising losses from impairment and bad debts by assessing and approving credit terms on a case-by case basis after taking into account customer's payment track record, financial standing and length of business relationship and size of transaction.

Our collections from customers are closely monitored on an on-going basis by the credit control committee.

#### Impact of Sales and Service Tax (SST)

Many of our imported products are subject to SST and thus increase our cost of goods sold. Many of our domestic suppliers and trade partners are also bound to charge us SST e.g. transports and forwarding service etc.

We are closely monitoring how much the impact of the SST would affect our bottom line and always in discussion with our business partners on how to mitigate the impact for win-win situation.

### FUTURE PROSPECTS AND OUTLOOK

The Ministry of Finance (MoF) has forecast a growth rate of 4.9% for Malaysia next year, supported by sound domestic demand. According to the MoF's *Economic Report 2018/19*, titled *Fiscal Outlook 2019*, the private sector expenditure is expected to remain as the key driver of Malaysia's economic growth, cushioning the effects of lower public sector spending in 2018 and 2019.

However, the country is still being challenged by rising external headwinds, namely uncertainties coming from the ongoing trade tensions between the US and China, and also from the European Union (Brexit).

Nevertheless, the strengthening of the Ringgit against the USD in recent months could bring some relief to the Group as most of its supplies are transacted in USD.

A proposal by Malaysian Agriculture and Agro-based Industry that colistin (a type of antibiotic) to be banned in animal feed from 1 January 2019, could provide opportunities for AHPD to grow as we are a total antibiotic-free company.

For SCCFM, we are in advance stage of development of new recipe for new product and markets where we foresee would contribute significantly in the mid to long term time frame.

We have established a wholly own subsidiary in Cambodia to cater for the Foodservice industry in the country. Initial contribution will be insignificant but there is great business potential in the long term.

The Group despite the challenges it faces will continue its effort to align its business strategies and speed up diversification in order to mitigate the effects of rapid changing business environment.

The Board of Directors would exercise extra caution in conducting their duties during these periods and are optimistic of the Group's long term prospect.

# SUSTAINABILITY STATEMENT

Sustainability has always been a part of the key value of the Group's culture since its inception in 1972. We recognize that we have a duty and responsibility to secure our future and to create long term values for our stakeholders which we identified as:

- i. Market Place
- ii. Environment
- iii. Social and Communities, and
- iv. Workplace

## MARKET PLACE

Our Group is committed to maintain a proper framework to ensure that the business is running efficiently and transparently in the interest of all its stakeholders.

### Shareholders and Investors

We emphasize on good corporate governance to gain shareholders confidence besides maximizing their values. We engage with shareholders through annual general meeting, disclosing timely and quality information via the Group's corporate website and they can contact us directly through e-mail and phone.

### Customers

Our Group endeavours to create value for money for its customers by providing quality products and services through competitive pricing, excellence services and solutions. We always ensure that our core values such as integrity and honesty are upheld when dealing with customers. We ensure that all food products produced by us are easily marketable and are ISO22000 and HALAL certified to ensure the quality of our products and ease the worry of the customers.



### Suppliers

We practice constant communication and maintain long term relationships with suppliers to build up trust and practice fair and ethical procurement policies. We believe that competitive advantages can be achieved through a robust supply chain.

### Growth

Apart from all these, we also actively explore opportunities domestically and abroad to achieve sustainable business growth.

## ENVIRONMENT

In line with our Group's mission which is "Green solutions for the future of the world and mankind", we strive to continuously reduce wastages in the organization. Our Group believes that monumental change can come from the simplest, smallest of changes. Hence, we have taken the initiative to begin our journey towards environmental sustainability by constantly educating our employees to use stationery and paper sparingly to protect the environment. On a larger scale, our Group is promoting sustainability via its very own non-antibiotics feed additives which are clean and have a green impact on animals, environment and food safety.

Report published by *Solid Waste Management and Public Cleansing Corporation (SWCorp)* shows the 55% of solid waste in Malaysia comprises food waste. By using our foodservice equipment such as vacuum packing machine and thermosealing machine, we can help to reduce the wastage using advance technology. Previously, we had introduced the low oil and energy saving fryers that are well received by our customers.



## SUSTAINABILITY STATEMENT

(cont'd)



### SOCIAL AND COMMUNITIES

We acknowledge that providing employment opportunities for all is the single most effective means of tackling poverty and social exclusion. Due to our business expansion, we are constantly providing employment opportunities to locals from all walks of life. The Group also places great importance in nurturing youngsters and preparing them for corporate and community leaderships. We welcome undergraduates with diversified backgrounds with open arms.

As we know, fund raising is the lifeblood of orphans in needs and children are the future pillars of the nation. Thus, our Group is making a conscious effort in supporting the annual charity fund raising bazaar organised by Angels Children's Home. The funds raised were contributed to the orphanage to support their daily operation cost and educational needs. Helping those who are underprivileged is our way of giving back to society.

### WORKPLACE

The Group believes that employees are the most important assets of the organization. We encourage employees to actively participate in various activities such as weekly sporting events, bi-weekly morning assemblies, monthly corporate culture trainings and yearly get-together festive celebrations. These activities foster positive relationships among employees which in turn lead to harmonious and conducive working environment.

To equip the employees with up to date products knowledge and operation, regular trainings are provided on both soft and technical skills, so that they could face with whatever challenges that might be coming their way.

The Group recognises the importance of a safe and healthy working environment. Therefore, it has invested heavily on anti-electromagnetic radiation (Anti-EMR) equipment which reduces harmful, carcinogenic EMR exposure. In terms of safety, protective gears like safety boots and others are provided to employees to avoid workplace accidents.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of SCC Holdings Berhad ("Group") recognises the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance to be practiced throughout the Group in order to deliver a long term sustainable value to the shareholders and other stakeholders.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Ace Market Listing Requirements ("BMSB AMLR") and it is to be read together with the Corporate Governance Report ("CG Report") 2017 of the Company which is available on SCC Holdings' website: <http://www.sccholdings.com.my>.

The CG Report provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") during the financial year ended 2018 ("FYE 2018").

## **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. Board responsibilities**

The Board is responsible to provide stewardship of the Company and direction for the Management. It is collectively responsible and accountable to the Company's stakeholders for the long term sustainable success of the Group.

Each director contributes his vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities as required of them with due care and diligence.

The Group has documented clear policies for identifying and separating the functions and responsibilities of the Board and the Management, Executive Chairman as well as the Managing Director in ensuring the smooth running of the Group's business and operations.

Their responsibilities are guided by the Board Charter, which has been reviewed and updated to be in line with the practices of MCCG 2017 and the Companies Act, 2016, a copy of which is made available to all Directors of the Company. The Board Charter is disclosed in the SCC Holdings' CG Report which can be downloaded from SCC Holdings' corporate website at [www.sccholdings.com.my](http://www.sccholdings.com.my).

### **II. Roles of Chairman, Managing Director and Independent Non-Executive Directors**

The roles of the Chairman of the Board, Managing Director, Executive Director and the Independent Non-Executive Directors (INEDs) are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the Managing Director are clearly segregated to ensure that there is a balance of power and authority.

Mr. Ben Cher as the Executive Chairman continues to lead the Board by providing oversight leadership on the strategies and business affairs of the Group.

Mr. Francis Cher, the Managing Director of the Company, is responsible for leading the Management in the execution of board policies, strategies and action plans approved by the Board. He is actively involves in the Board to report and discuss the Group's business performance, direction and development, including all strategic matters affecting the Group.

The Board has established a Corporate Governance Model for the Group where specific powers of the Board are delegated to the respective Board Committees which function with clearly defined terms of reference.

### **III. Company Secretary**

The Board is grateful to be supported by a very experienced, knowledgeable, qualified and competent Company Secretary. Her expertise, clear and sound advice has enabled the Board to comply with the regulatory requirements, new statutes and directives issued by the regulatory authorities.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### IV. Board Composition

The Board currently comprises 8 (Eight) members, i.e. 3 (Three) Independent Non-Executive Directors ("INEDs") and 5 (Five) Executive Directors. It complies with the BMSB AMLR. The size and the composition of the Board remains adequate to provide diversity of views, skills, knowledge and experience to facilitate effective decision making and appropriate balance of executive independent and non-independent directors.

The profile of each of the Member of the Board is presented from Page 5 to Page 6.

The Board acknowledges the importance of board diversity, including gender diversity, to the effective functioning of the Board. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based on merit and are not driven by any racial or gender bias.

Female representation will be considered when vacancies arise and suitable candidates identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's objectives.

The Board, through the Nomination Committee ("NC"), undertakes a yearly evaluation in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times

The activities of the NC are further elaborated in the CG Report under Practices 4.4 to 4.7 of the MCCG 2017.

#### Tenure of Independent Directors

As at the reporting date, Dato' Ismail bin Hamzah, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon have served more than nine (9) years as Independent Directors. The Board through its NC had conducted an assessment of the independence of all its Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the BMSB AMLR and are able to provide objective and independent judgement in deliberation of the Board's agenda. Based on the Board's assessment, the Board is recommending to put forward a resolution at the forthcoming Annual General Meeting ("AGM") to retain them as Independent Directors notwithstanding that their tenure as Independent Directors has exceeded the nine (9) years limit as recommended under the MCCG.

The Board's and NC's justification to retain Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon are premised on the following:-

- Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon continues to fulfil the criteria and definition of an Independent Director as set out under Rule 1.01 of Bursa Malaysia Listing Requirement.
- During their tenure in office, Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director(s), major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties.
- During their tenure, Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon have never transacted or entered into any transactions with, nor provide any services to the Company and its subsidiaries, the Executive Director(s), major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under paragraph 5 of the practice Note 13 of the Listing Requirements;
- During their tenure, Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon have not been offered or granted any options by the Company. Other than directors' fees paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to them by the Company;
- During their tenure, Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making processes; and

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### IV. Board Composition (cont'd)

#### Tenure of Independent Directors (cont'd)

- During their tenure, Dato' Ismail, Dato' Dr. Choong Tuck Yew and Datuk Wira Dr. Goy Hong Boon have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strength and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

### V. Board Remuneration

The Board has established a Remuneration Committee ("RC") to assist the Board in establishing formal and transparent remuneration packages for the Directors and believes that the levels of remuneration offered by the Group are sufficient to attract directors of calibre with sufficient experience and talent to contribute to the performance of the Group.

The INEDs' remuneration comprises annual fees that reflect their expected roles and responsibilities. The Company has obtained approval from the shareholders at the 18th AGM held on 28 May 2018 to pay the Directors Fees to the INEDs for the FYE 2017.

The remuneration packages applicable for the Executive Chairman, Managing Director and Executive Director has the underlying objective of attracting and retaining an Executive Director needed to manage the Company successfully. The remuneration packages of the Managing Director and Executive Director are structured to commensurate with the achievement of corporate targets set by the Board and their individual performance. Their remuneration packages have been reviewed by the RC and approved by the Board.

The remuneration of the Executive Chairman, Managing Director and Executive Directors consists of basic salary and other emoluments. Further, benefits customary to the Group are also made available as appropriate.

The Group operates a bonus scheme for all its employees including Executive Directors. The performance of the Group along with assessment of the individual's performance forms the criteria for the scheme.

The details of the remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2018 are as follows:

Director's Name	Director Fee	Salary and emoluments	Bonuses	EPF (Employer)	SOCSSO/EIS (Employer)	Benefits in Kind	Total
Chee Long Sing @ Cher Hwee Seng	-	360,000	157,547	31,353	1,186	21,250	571,336
Cher Sew Seng	-	480,000	210,377	41,723	1,186	10,625	743,911
Goh Ah Heng @ Goh Keng Chin	-	360,000	157,547	31,353	1,186	7,500	557,586
Chu Soo Meng	-	318,000	124,553	53,107	924	14,167	510,750
Cher Lip Chun	-	318,000	124,553	53,107	924	21,250	517,834
Dato' Ismail bin Hamzah	24,000	-	-	-	-	-	24,000
Dato' Dr. Choong Tuck Yew	24,000	-	-	-	-	-	24,000
Datuk Wira Dr. Goy Hong Boon	24,000	-	-	-	-	-	24,000
<b>Total</b>	<b>72,000</b>	<b>1,836,000</b>	<b>774,577</b>	<b>210,643</b>	<b>5,404</b>	<b>74,792</b>	<b>2,973,417</b>

Note :-

The above mentioned Directors' remuneration is the total sum of the remuneration received by the Directors from the Company and its subsidiaries.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee

The Audit Committee of the Company ("AC") comprises three (3) INEDs. The Chairman of the AC, Dato' Dr. Choong Tuck Yew is a member of the Malaysian Institute of Accountants and the rest of the members are financially literate, possess the appropriate levels of expertise and experience.

NC had conducted an annual assessment to ensure the independence, objectivity and effectiveness of the AC.

#### II. Risk Management and Internal Control Framework

The Board is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. These controls provide reasonable but not absolute assurance against material misstatements, loss or fraud.

The Directors are responsible for the Group's system of internal control. The internal control covers the financial and non-financial aspects including risk assessment. It also emphasises compliance and operational controls, as well as risk management matters. The Group has formalised a set of Standard Operating Procedures and ISOs for its business and supporting units, which takes into consideration the adequacy and integrity of the system of internal control, and is subject to review by Management. A Risk Management and Internal Controls Committee (RMC), chaired by the Managing Director have been set up for this purpose. The members of the RMC include 3 Executive Directors, 2 Heads of Business Divisions (HODs), Human Resources Manager, Finance Manager and Assistant General Manager.

The RMC meetings have been incorporated into bi-monthly Management meetings where Executive Directors, the Assistant General Manager, the Finance Manager and 3 (three) Head of four (4) Department. Risk matters are discussed after scheduled bi-monthly management meeting agendas. Respective HODs are to report any foreseeable upcoming/current risk and provide proposed countermeasures and highlight on its impact to the Group. Closed monitoring and follow up are done by the RMC on the identified risks and the matter gets closed when the risks became non-material or low impact to the Group.

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Communication with Stakeholders

Information on the Group's activities is provided in the Annual Report and Financial Statements in hard copy, which are despatched to shareholders. Dialogues are also held by the Group with investment analysts and fund managers to keep them abreast of corporate and financial developments within the Group.

The Company also encourages the shareholders and investors to participate in online access of the Company's Annual Report and all up to date announcements from time to time, which are made available instantly at both Bursa Securities and the company's website at [www.sccholdings.com.my](http://www.sccholdings.com.my).

Investors and the general public who wish to contact the Group on any enquiry, comment or proposal can channel them through e-mail at [ir@scc.com.my](mailto:ir@scc.com.my).

#### II. Conduct of General Meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with shareholders. The Board is committed to provide shareholders with comprehensive, timely information about the Group's activities and performance to enable easy investment decisions for the shareholders and investors.

Shareholders are notified of the meeting and provided with a copy of the Notice of AGM and Annual Report 28 days before the meeting. At each AGM, the shareholders are encouraged to use the opportunity to ask questions on resolutions being proposed during the meeting and also on the progress, performance and future prospects of the Company. The Chairman and Board members, with the assistance of the External Auditors are available to respond and provide explanations during the question and answer session.

In line with the revised AMLR of Bursa Securities, all resolutions put to the general meeting for the 18th AGM was voted by poll. An independent scrutineer was appointed to validate the votes cast at the AGM. The decision for each resolution and the name of the independent scrutineer were announced to Bursa Securities on the same day.

# AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist and support the Board of SCC in fulfilling its fiduciary responsibilities to ensure strong corporate governance. The Committee is responsible for assessing the risk and control environment, overseeing financial reporting and evaluating the management and audit process within the Group.

## COMPOSITION AND MEETINGS

The members of the Audit Committee ("AC") comprise three (3) members, all of whom are Independent Non-Executive Director. The AC Chairman, Dato' Dr Choong Tuck Yew, is a Chartered Member of the Malaysia Institute of Accountants ("MIA"), and a member of the Malaysian Institute of Certified Public Accountants.

At the end of financial year ended 31 December 2018, the members of the AC are:

Name	Designation	Directorship
Dato' Dr. Choong Tuck Yew	Chairman	Independent Non-Executive Director
Dato' Ismail bin Hamzah	Member	Independent Non-Executive Director
Datuk Wira Dr. Goy Hong Boon	Member	Independent Non-Executive Director

## Meetings

During the financial year under review, the Committee convened five (5) meetings and the records of attendance are shown below.

The meetings are pre-structured through the use of agendas, which were distributed to members prior to the meetings.

The Managing Director, the Executive Directors, Finance Manager, Assistant General Manager, Internal Auditors and External Auditors were present as and when invited.

The AC also met the External Auditors in two (2) private sessions without the presence of Management to discuss audit related matters that the Auditors wish to raise directly with the Committee.

The Company Secretary who is also the secretary to the AC has attended all the meetings.

Details of attendance are listed below:

Name of members	Attendance
Dato' Dr. Choong Tuck Yew	5/5
Dato' Ismail bin Hamzah	5/5
Datuk Wira Dr. Goy Hong Boon	5/5

## Terms of Reference

The details of the terms of reference of the AC are available for reference at [www.sccholdings.com.my](http://www.sccholdings.com.my).

## SUMMARY OF ACTIVITIES

The AC carried out its duties in accordance with the Terms of Reference during the financial year with the key responsibilities listed as below:-

### Financial Reporting

- Reviewed the quarterly unaudited financial results of the Company and Group before recommending to the Board for consideration and approval.

## AUDIT COMMITTEE REPORT

(cont'd)

### SUMMARY OF ACTIVITIES (CONT'D)

#### Financial Reporting (cont'd)

- b. Reviewed the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval.
- c. Ensured that the financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards by confirming with the Management.

#### External Audit

- d. Evaluated the technical competencies, adequacy of specialist support and partners/directors accessibility and time commitment.
- e. Ascertained the independence of the external auditor with the auditors and confirmed their independence status before conducting the audit.
- f. Reviewed the external auditors' scope of work, audit plan and strategy for the year.
- g. Reviewed with the external auditors, the results of the annual audit, audit report, including the management's response.
- h. Met with the External Auditors two (2) times without the presence of the Executive Directors and the Management to discuss matters that need to be highlighted to the AC.
- i. Evaluated auditor's performance and recommendations for re-appointment in AGM.

#### Internal Audit

- j. Reviewed with the Internal Auditor, the internal audit plans, the internal audit reports, their evaluation of system of internal controls and the follow-up on the audit findings.
- k. Reviewed the adequacy of the scope and coverage of work and instructed specific audit area to be performed when needs arises.
- l. Received and discussed the internal audit reports after conclusion of every internal audit being carried out.

#### Related Party Transactions

- m. Reviewed related party transactions within the Group on a quarterly basis.

#### Others

- n. Reviewed the AC Report, Corporate Governance Statement and Statement on Risk Management and Internal Control prior to the submission of the said documents to the Board for consideration and approval so as to be included in the Annual Report for financial year ended 31 December 2018.

## **INTERNAL AUDIT FUNCTION**

The Company engaged Messrs. CGRM Infocomm Sdn Bhd ("CGRM") as outsources Internal Auditors to carry put the internal audit function of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2018.

The internal auditor reports directly to the AC on a half-yearly basis by presenting its Internal Audit Reports during the AC meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent AC meeting.

On 23 February 2018, CGRM tabled a report for AC's review covering the Corporate Governance.

On 23 November 2018, CGRM tabled a report for AC's review in respect of the Animal Health Product Division ("AHPD") (Sales Processing Management, Logistic Management, Collections Management); and follow-up on Internal Audit Report Issued in November 2017 for SSCC Food Manufacturing Sdn Bhd on Machineries Management.

The reports outlined the audit objective, scope of work, timeline, summary of tests and results, summary of effective controls, summary list of finding, detail findings together with the Internal Auditors' recommendations and the Management's responses.

The cost incurred for the outsourced independent internal audit services in respect of the financial year ended 31 December 2018 was RM30,750.00 (FYE 2017 – RM29,500.00).

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# ADDITIONAL COMPLIANCE INFORMATION

The following is presented in compliance with the Bursa Securities AMLR:

**1. Audit and Non-audit Fees**

External auditors' remuneration are set at RM63,000.00 for the financial year ended 31 December 2018.

There were no non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm by the Group for the financial year ended 31 December 2018.

**2. Material Contracts Involving Directors and Substantial Shareholders**

There was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interests for the financial year ended 31 December 2018.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control by the Board on the Group is made pursuant Rule 15.26(b) of the Bursa Securities AMLR and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") under Practice 9.1 and 9.2.

MCCG 2017 sets out the principles that the board of directors of a listed company should establish a sound risk management framework and internal controls system to safeguard shareholders' investment, stakeholders' interest and assets of the Group.

## **BOARD RESPONSIBILITIES**

The Board acknowledges its responsibility to observe the MCCG 2017 in maintaining a sound system of risk management and internal control throughout the operations of the Group in order to safeguard shareholders' investments, stakeholders' interest and the assets of the Group.

The Board is responsible for identifying, evaluating and managing the significant risk of the Group, as well as reviewing adequacy and effectiveness of the risk management and internal control on an ongoing basis.

The Board believes the risk management and internal control system are adequate and effective to manage the risk of the Group. Nevertheless, due to the inherent limitations of any system, such systems are designed to mitigate rather than eliminate the likelihood of fraud and error. In addition, it should be noted that any system can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Group Managing Director that the Group's risk management and internal control system operate adequately and effectively, in all material aspects, based on the risk management and internal control system.

## **RISK MANAGEMENT**

The Board reviews internal control issues identified by the management and the internal auditors, as well as evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

A Risk Management Committee ("RMC") comprises the Managing Director, three (3) Executive Directors and five (5) management staffs which include the Finance Manager. The responsibilities of RMC include assisting in development of risk management framework, policies, processes and procedures; maintaining the risk register for the Group; monitoring operating unit's compliance with Group's policies and procedures; monitoring and reporting of the key risks as identified by the Management.

The RMC meetings are consolidate with bi-monthly management meeting since all the RMC members attended the management meetings.

Risk Management matters were being discussed during bi-monthly management meetings on the current and possible future issues that might affect the business of the Group with attending HODs and tasks had been assigned to relevant personnel to follow up.

The responsibility for day to day risk management resides with the HOD of each division/department where they are the risk owners and are accountable for the risks identified and assessed.

In managing the risks of the Group, Management team works closely with the RMC to ascertain that there is on-going monitoring and review of risks and related controls and that action plans are developed and implemented to manage these risks.

Minutes of the meeting are recorded, and progress and outcome are being closely monitored by the RMC.

Activities of the RMC are also being highlighted during Board meetings to the AC.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

### RISK MANAGEMENT (CONT'D)

#### Risk identification and assessment

Risks identified are assessed to determine their impact on the relevant business strategies / objectives and their likelihood of occurrence. The outcome of the risk assessment process at respective functional or business unit levels will then be consolidated at the Group level in a risk scorecard which enables divisions/departments/subsidiaries within the Group to report risks and risk status using a common platform.

A Risk Profile and Action Plan, which registered the nature and extent of risks the division/department/subsidiaries and the Group is willing to accept or retain to achieve its goals and objectives, are reviewed by the RMC from time to time.

### KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

Internal controls are embedded in the Group's operations as follows:

#### Organisational Structure

The Group has in place an organisational structure with clearly defined lines of responsibilities and functionalities which promotes appropriate levels of accountability for risk management, control procedures and effectiveness of operations. All new employees are required to undergo an orientation programme and the job function is clearly written for transparency and better accountability.

#### Board and Management Meetings

Strategic planning and detailed target setting for each area of business are established during the year end.

Business unit conducted their monthly departmental meeting discussing departmental progress and planning for future including any departmental risk management matters.

The management will meet on a bi-monthly basis to monitor the Company's actual results against targeted and previous year's results, whereby significant variances are being investigated and management action is taken, where necessary as well as to obtain feedbacks on daily operational issues.

The Board meets on a quarterly basis to review agendas which amongst others include periodically internal audit reports.

#### Performance Management Framework

Management reports are generated on monthly and quarterly basis to allow the Board and the Group's management to monitor the performance of its respective business units. The Group's management information system is designed to provide the management with better reporting and review encompasses financial and non-financial matters for compliance and daily operational use.

#### Limits of Authority

The level of authorities and lines of responsibilities from business divisions up to the Board level are well-defined to ensure accountabilities and responsibilities for risk management and control activities.

#### Operational policies and procedures

The Group's policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and to ensure that the daily operations are running smoothly. Regular reviews are performed to maximise operation efficiency.

Operation control procedures have been established in accordance to ISO 9001 standard. This is to ensure that the business processes flow is being executed as per best practices recommended by the standard.

We have updated to the new ISO9001:2015 standard which have a section that covers risk management during the year.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### AUDIT COMMITTEE AND INTERNAL AUDIT

The Company adopts a risk-based approach to the implementation and monitoring of relevant internal controls. The Audit Committee was entrusted by the Board to ensure that an effective and adequate internal control system is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the internal audit function was outsourced to an independent professional service firm to take charge of the Group's internal audit function during the financial year. The report is submitted to the Audit Committee, whom reviews the findings with Management at the Audit Committee Meeting. In assessing the adequacy and effectiveness of the system of internal controls of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

There are 2 internal audits being conducted during the year and recommended improvements were implemented on advice of the internal auditor and approval of the Audit Committee.

During the financial year under review, the Board was satisfied that there were continuous efforts by the Management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

### WEAKNESSES IN INTERNAL CONTROL

There were no major weaknesses in internal control which resulted in material losses during the financial period under review.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the AMLR of Bursa Securities, this Statement has been reviewed by the External Auditors for inclusion in the Annual Report of the Group for the period ended 31 December 2018. 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 adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

### CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is sound and adequate in all material aspects, and has received the same assurance from the Managing Director of the Group. The Board ensures that the risk management process in identifying, evaluating and managing significant risks is operating adequately and effectively throughout the financial year up to the date of approval of this Statement. However, the Board is also mindful of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board and the Management maintain an on-going commitment to continue taking appropriate measures to enhance and strengthen the risk management and internal control of the Group.

This Statement was approved by the Board on 3 April 2019.

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# STATEMENT OF DIRECTORS' RESPONSIBILITY

## FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and the Company at the financial year end and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have carried out their responsibilities by:

- adopting suitable accounting policies and applied them consistently;
- making judgements and estimates that are reasonable and prudent;
- ensuring that all applicable accounting standards have been complied with; and
- preparing financial statements on a going concern basis, as the Board has reasonable expectations, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have the overall responsibility of taking such steps as are reasonably available to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to owners of the Company	7,149	4,754

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM'000
An interim single-tier dividend of RM0.017 per ordinary share in respect of the financial year ended 31 December 2018 on 27 July 2018	2,399
An interim single-tier dividend of RM0.017 per ordinary share in respect of the financial year ended 31 December 2018 on 22 January 2019	2,400
	4,799

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 31 December 2018.

## ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares and debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS

The Directors in office during the financial year until the date of this report are:

Chee Long Sing @ Cher Hwee Seng\*  
Cher Sew Seng\*  
Goh Ah Heng @ Goh Keng Chin\*  
Cher Lip Chun\*  
Chu Soo Meng\*  
Dato' Ismail bin Hamzah  
Dato' Dr. Choong Tuck Yew  
Datuk Wira Dr. Goy Hong Boon

\* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	At 1.1.2018	Number of ordinary shares		At 31.12.2018
		Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct interests:</b>				
Chee Long Sing @ Cher Hwee Seng	30,686,784	-	-	30,686,784
Cher Lip Chun	824,802	-	-	824,802
Cher Sew Seng	19,397,847	-	-	19,397,847
Goh Ah Heng @ Goh Keng Chin	11,810,445	-	-	11,810,445
Chu Soo Meng	99,000	-	-	99,000
Dato' Dr. Choong Tuck Yew	66,000	-	-	66,000
<b>Indirect interests:</b>				
Chee Long Sing @ Cher Hwee Seng #	618,489	-	-	618,489
Cher Sew Seng *	1,482,500	-	-	1,482,500
Cher Lip Chun ^	66,000	-	-	66,000

# Deemed interest by virtue of his direct shareholdings in Kumsan Enterprise (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 in Malaysia and by virtue of his spouse's and child's direct shareholding in the Company.

\* Deemed interest by virtue of his spouse's and children's direct shareholdings in the Company.

^ Deemed interest by virtue of his spouse's direct shareholdings in the Company.

By virtue of their interests in the shares of the Company, Chee Long Sing @ Cher Hwee Seng, Cher Sew Seng and Cher Lip Chun are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

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



## **DIRECTORS' REPORT**

(cont'd)

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 28(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28(b) to the financial statements.

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

### **INDEMNITY AND INSURANCE COSTS**

There was no indemnity given to or insurance effected for the Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

### **OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) 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.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) 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.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
  - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

#### **SUBSIDIARY COMPANIES**

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

#### **AUDITORS' REMUNERATION**

The details of auditors' remuneration are set out in Note 22 to the financial statements.

#### **AUDITORS**

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2019.

CHEE LONG SING @ CHER HWEE SENG

CHER SEW SENG

KUALA LUMPUR

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 26 to 89 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 December 2018 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 April 2019.

CHEE LONG SING @ CHER HWEE SENG

CHER SEW SENG

KUALA LUMPUR

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, WONG POW YEE (MIA Membership No: 20702), being the Officer primarily responsible for the financial management of SCC HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 26 to 89 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in the )  
Federal Territory on 3 April 2019 ) WONG POW YEE

Before me,

**W710**  
**Mohan A. S. Maniam**  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SCC HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of SCC HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 26 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
<p><u>Trade receivables</u></p> <p>Please refer to Significant Accounting Judgements, Estimates and Assumptions in Note 2(c) and the disclosures of trade receivables and credit risk in Note 9 and Note 30(b)(i) to the financial statements respectively.</p> <p>We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Developing understanding of the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;</li> <li>• Developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports;</li> <li>• Evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables;</li> <li>• Evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables;</li> <li>• Critically assessed recoverability of receivables that were past due but not impaired with reference to their historical records and repayment trends;</li> <li>• Reviewing receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and</li> <li>• Assessing the reasonableness of impairment charges for identified credit exposures.</li> </ul> <p>Based on the procedures performed, we noted no significant exceptions.</p>

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF SCC HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA)  
(cont'd)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **OTHER MATTERS**

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

UHY  
Firm Number: AF 1411  
Chartered Accountants

TAN TIAN WOUI  
Approved Number: 02969/05/2020J  
Chartered Accountant

KUALA LUMPUR

3 April 2019

# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	4	5,542	4,896	-	-
Investments in subsidiary companies	5	-	-	16,300	16,300
Goodwill on consolidation	6	8	8	-	-
Investment securities	7	66	68	-	-
		<u>5,616</u>	<u>4,972</u>	<u>16,300</u>	<u>16,300</u>
<b>Current Assets</b>					
Inventories	8	7,948	6,841	-	-
Trade receivables	9	15,015	15,402	-	-
Other receivables	10	3,215	605	66	2
Amounts due from subsidiary companies	11	-	-	6,632	6,267
Tax recoverable		126	107	35	28
Other investments	12	13,697	14,324	6,284	6,626
Cash and bank balances		6,769	6,443	678	895
		<u>46,770</u>	<u>43,722</u>	<u>13,695</u>	<u>13,818</u>
<b>Total Assets</b>		<u>52,386</u>	<u>48,694</u>	<u>29,995</u>	<u>30,118</u>
<b>EQUITY</b>					
Share capital	13	24,079	24,079	24,079	24,079
Reserves	14	18,356	16,051	3,390	3,435
<b>Total Equity</b>		<u>42,435</u>	<u>40,130</u>	<u>27,469</u>	<u>27,514</u>
<b>LIABILITIES</b>					
<b>Non-current Liability</b>					
Deferred tax liabilities	16	92	200	-	-
		<u>92</u>	<u>200</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Trade payables	17	5,044	3,731	-	-
Other payables	18	3,787	3,757	2,526	2,604
Finance lease liabilities	15	-	25	-	-
Bank borrowings	19	127	276	-	-
Tax payables		901	575	-	-
		<u>9,859</u>	<u>8,364</u>	<u>2,526</u>	<u>2,604</u>
<b>Total Liabilities</b>		<u>9,951</u>	<u>8,564</u>	<u>2,526</u>	<u>2,604</u>
<b>Total Equity and Liabilities</b>		<u>52,386</u>	<u>48,694</u>	<u>29,995</u>	<u>30,118</u>

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



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	20	66,159	61,847	8,921	8,747
Cost of sales		(42,698)	(40,144)	-	-
<b>Gross profit</b>		23,461	21,703	8,921	8,747
Other income		1,046	1,190	216	179
Selling and distribution expenses		(5,136)	(5,270)	(38)	(26)
Administrative expenses		(9,815)	(9,135)	(4,353)	(3,950)
Net impairment loss on trade receivables	22	(5)	87	-	-
Finance costs	21	-	(2)	-	-
<b>Profit before taxation</b>	22	9,551	8,573	4,746	4,950
Taxation	23	(2,402)	(2,523)	8	(8)
<b>Net profit for the financial year</b>		7,149	6,050	4,754	4,942
<b>Other comprehensive income</b>					
Items that are or may be reclassified subsequently to profit or loss					
- Fair value (loss)/gain of fair value through other comprehensive income		(2)	14	-	-
<b>Total comprehensive income for the financial year</b>		7,147	6,064	4,754	4,942
<b>Net profit for the financial year attributable to:</b>					
Owners of the Company		7,149	6,050	4,754	4,942
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		7,147	6,064	4,754	4,942
<b>Earnings per share:</b>					
- Basic	24	5.06	4.29		
- Diluted	24	5.06	4.29		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Note	Attributable to Owners of the Parent				Total RM'000
		Share Capital RM'000	Share Premium RM'000	Fair value Reserve RM'000	<Distributable> Retained Earnings RM'000	
<b>At 1 January 2018, as previously stated</b>		24,079	-	72	15,979	40,130
Opening balance adjustment from adoption of MFRS 9		-	-	-	(43)	(43)
<b>At January 2018, as restated</b>		24,079	-	72	15,936	40,087
Net profit for the financial year		-	-	-	7,149	7,149
Other comprehensive loss for the financial year		-	-	(2)	-	(2)
<b>Total comprehensive (loss)/ income for the financial year</b>		-	-	(2)	7,149	7,147
<b>Transaction with owners:</b>						
Dividends paid/payable	25	-	-	-	(4,799)	(4,799)
<b>At 31 December 2018</b>		<b>24,079</b>	<b>-</b>	<b>70</b>	<b>18,286</b>	<b>42,435</b>
<b>At 1 January 2017</b>		21,388	2,696	58	14,326	38,468
Net profit for the financial year		-	-	-	6,050	6,050
Other comprehensive income for the financial year		-	-	14	-	14
<b>Total comprehensive income for the financial year</b>		-	-	14	6,050	6,064
<b>Transactions with owners:</b>						
Dividends paid/payable	25	-	-	-	(4,397)	(4,397)
Share issuance expenses		-	(5)	-	-	(5)
<b>Total transactions with owners</b>		-	(5)	-	(4,397)	(4,402)
Transfer in accordance with Section 618(2) of the Companies Act, 2016	13, 14	2,691	(2,691)	-	-	-
<b>At 31 December 2017</b>		<b>24,079</b>	<b>-</b>	<b>72</b>	<b>15,979</b>	<b>40,130</b>

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
(cont'd)

Company	Note	Attributable to Owners of the Parent			Total RM'000
		Non-Distributable Share Capital RM'000	Share Premium RM'000	<Distributable> Retained Earnings RM'000	
<b>At 1 January 2018</b>		24,079	-	3,435	27,514
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	4,754	4,754
<b>Transaction with owners:</b>					
Dividends paid/payable	25	-	-	(4,799)	(4,799)
<b>At 31 December 2018</b>		<u>24,079</u>	<u>-</u>	<u>3,390</u>	<u>27,469</u>
<b>At 1 January 2017</b>		21,388	2,696	2,890	26,974
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	4,942	4,942
<b>Transactions with owners:</b>					
Issuance of ordinary shares		-	(5)	-	(5)
Dividends paid/payable	25	-	-	(4,397)	(4,397)
<b>Total transactions with owners</b>		-	(5)	(4,397)	(4,402)
Transfer in accordance with Section 618(2) of the Companies Act, 2016	13, 14	2,691	(2,691)	-	-
<b>At 31 December 2017</b>		<u>24,079</u>	<u>-</u>	<u>3,435</u>	<u>27,514</u>

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

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	9,551	8,573	4,746	4,950
Adjustments for:				
Bad debts written off	7	-	-	-
Depreciation of property, plant and equipment	587	665	-	-
Dividend income	-	(1)	(5,333)	(5,159)
Fair value gain of financial assets	(602)	(463)	(207)	(154)
Impairment losses on trade receivables	103	52	-	-
Interest expense	-	2	-	-
Plant and equipment written off	5	-	-	-
Gain on disposal of property, plant and equipment	(14)	(28)	-	-
Interest income	(74)	(81)	(9)	(24)
Reversal of impairment losses on trade receivables	(98)	(139)	-	-
Reversal of inventories written down	-	(288)	-	-
Unrealised loss on foreign exchange	(5)	47	-	-
Operating profit before working capital changes	9,460	8,339	(803)	(387)
Changes in working capital:				
Inventories	(1,107)	1,773	-	-
Trade receivables	332	(2,224)	-	-
Other receivables	(2,641)	28	(64)	5
Trade payables	1,304	(1,194)	-	-
Other payables	(110)	44	(220)	131
Subsidiary companies	-	-	(365)	(35)
	(2,222)	(1,573)	(649)	101
Cash generated from/(used in) operations	7,238	6,766	(1,452)	(286)
Tax refund	130	-	18	39
Tax paid	(2,335)	(1,755)	(18)	(17)
	(2,205)	(1,755)	-	22
Net cash from/(used in) operating activities	5,033	5,011	(1,452)	(264)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
(cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Investing Activities</b>				
Interest received	74	81	9	24
Dividend received	-	1	5,333	5,159
Purchase of property, plant and equipment	(1,239)	(182)	-	-
Net changes in investment securities and other investments	1,229	628	550	(1,500)
Proceeds from disposal of property, plant and equipment	15	88	-	-
Net cash from investing activities	<u>79</u>	<u>616</u>	<u>5,892</u>	<u>3,683</u>
<b>Cash Flows From Financing Activities</b>				
Interest paid	-	(2)	-	-
Dividend paid	(4,657)	(4,278)	(4,657)	(4,278)
Repayment of finance lease liabilities	(25)	(67)	-	-
Share issuance expenses	-	(5)	-	(5)
Net cash used in financing activities	<u>(4,682)</u>	<u>(4,352)</u>	<u>(4,657)</u>	<u>(4,283)</u>
<b>Net changes in cash and cash equivalents</b>	430	1,275	(217)	(864)
<b>Cash and cash equivalents at beginning of the financial year</b>	6,167	4,929	895	1,759
Effect of exchange translation differences on cash and cash equivalent	<u>45</u>	<u>(37)</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>6,642</u>	<u>6,167</u>	<u>678</u>	<u>895</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	6,769	6,443	678	895
Bank overdraft	<u>(127)</u>	<u>(276)</u>	<u>-</u>	<u>-</u>
	<u>6,642</u>	<u>6,167</u>	<u>678</u>	<u>895</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

## 1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at No. 21, Jalan Hujan, Taman Overseas Union, 5th Mile, Jalan Kelang Lama, 58200 Kuala Lumpur.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below:

#### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following MFRSs, amendments to MFRSs and interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	<i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)
MFRS 15	<i>Revenue from Contracts with Customers</i>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>
Amendments to MFRS 15	<i>Clarifications to MFRS 15</i>
Amendments to MFRS 140	<i>Transfers of Investment Property</i>
Annual Improvements to MFRSs 2014 – 2017 Cycle:	
• Amendments to MFRS 1	
• Amendments to MFRS 128	

The adoption of the MFRSs, amendments to MFRSs and interpretations did not have any significant impact on the financial statements of the Group and of the Company, except for:

#### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company generally applied MFRS 9 retrospectively. Nevertheless, as permitted by MFRS 9, the Company has elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Adoption of new and amended standards (cont'd)

##### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)

###### (a) Classification of financial assets

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in OCI (provided the instruments is not held for trading). The Group changed the measurements of the investments in equity instruments previously held as available-for-sale to FVTOCI.

###### (b) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

###### (c) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company have accounted for expected credit losses and changes in these expected credit losses of each reporting date to reflect changes in credit risk since initial recognition.

###### (d) Effect of changes in classification of financial assets on 1 January 2018

	As at 1.1.2018 RM'000	Reclassification to MFRS 9 AC RM'000	FVTOCI RM'000
<b>Group</b>			
<b>Financial assets</b>			
<u>Loans and receivables</u>			
Trade receivables	15,402	15,402	-
Other receivables	299	299	-
Cash and bank balances	6,443	6,443	-
<u>Available-for-sale</u>			
Investment securities	68	-	68
<b>Company</b>			
<b>Financial assets</b>			
<u>Loans and receivables</u>			
Other receivables	2	2	-
Amounts due from subsidiary companies	6,267	6,267	-
Cash and bank balances	895	895	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
 (CONT'D)

**2. BASIS OF PREPARATION (CONT'D)**

**(a) Statement of compliance (cont'd)**

**Adoption of new and amended standards (cont'd)**

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)

(d) Effect on impairment allowance on 1 January 2018

**RM'000**

**Group**

**Impairment of trade receivables**

At 1 January 2018, as previously stated	303
Opening balance adjustments from adoption of MFRS 9	43
At 1 January 2018, as restated	<u>346</u>

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services 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 and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

In applying the modified retrospective method, the Group and the Company applied the following practical expedients:

- for completed contracts that begin and end within the same annual reporting period were not restated; and
- for completed contracts that have variable consideration, transaction price at the date the contract was completed was used rather than estimating variable consideration amounts in the comparative reporting periods.

The adoption of MFRS 15 resulted in changes in accounting policies as stated below has no material financial impact other than reclassification of consideration paid to customers previously in distribution costs to revenue.



## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Adoption of new and amended standards (cont'd)

#### (ii) MFRS 15 Revenue from Contracts with Customers (cont'd)

##### (a) Changes to accounting policies

##### (i) Customer loyalty programme

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle to redeem gifts. The consideration received from sale of goods was allocated to the loyalty programme using the fair value of points issued, and recognition of deferred revenue in relation to points issued but not yet redeemed or expired.

Under MFRS 15, the loyalty points give rise to a separate performance obligation because they provide material right to the customer. The transaction price is allocated to the products and the points awarded to customers on a relative stand-alone selling price basis. A contract liability is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire 12 months after the initial sale. A contract liability is recognised until the points are redeemed or expire.

##### (ii) Accounting for consideration payable to customer

The Group offers promotions to its customers, and recognised these as promotion costs in profit or loss as occurred. Under MFRS 15, consideration payable to a customer are accounted for as a reduction of the transaction price and therefore, of revenue.

Impact arising from adoption of MFRS 9 on the Group's financial statements are as follows:

	<b>As at 1.1.2018 as previously stated RM'000</b>	<b>MFRS 9 Adjustment RM'000</b>	<b>As at 1.1.2018 as restated RM'000</b>
<b>Group</b>			
Trade receivables	15,402	(43)	15,359
Retained earnings	(15,979)	43	(15,936)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
 (CONT'D)

**2. BASIS OF PREPARATION (CONT'D)**

**(a) Statement of compliance (cont'd)**

**Standards issued but not yet effective**

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		<b>Effective dates for financial periods beginning on or after</b>
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments MFRS 3	Definition of a Business	1 January 2020
Amendments MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company plan to apply the abovementioned accounting standards, interpretation and amendments when they become effective, except for MFRS 17 *Insurance Contracts*, as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

**MFRS 16 Leases**

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

**2. BASIS OF PREPARATION (CONT'D)**

**(a) Statement of compliance (cont'd)**

**Standards issued but not yet effective (cont'd)**

MFRS 16 Leases (cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of MFRS 16 is currently being assessed by management.

**(b) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand ("RM'000"), unless otherwise stated.

**(c) Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**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 amounts of assets and liabilities within the next financial year are set out below:

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(CONT'D)

**2. BASIS OF PREPARATION (CONT'D)**

**(c) Significant accounting judgements, estimates and assumptions (cont'd)**

**Key sources of estimation uncertainty (cont'd)**

Impairment of trade receivables

The Group reviews the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The customer's credit worthiness is evaluated by reviewing, amongst others, the Group's historical collection experience.

The carrying amounts at the reporting date for trade receivables are disclosed in Note 9 to the financial statements.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the expected value method, whereby the transaction price is determined by reference to the sum of probability-weighted amounts in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has approximate tax recoverable and payable of RM126,000 (2017: RM107,000) and RM901,000 (2017: RM575,000) respectively.

Customer loyalty programme

The Group operates a customer loyalty programme that provide points awards to customers based on accumulated purchase made which entitled to redeem gift. A portion of the revenue attributable to the awards of point for is deferred until they are utilised or expired. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

As at 31 December 2018, no deferral revenue had been recognised as the customer loyalty programme was ended during the financial year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(h)(i) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of consolidation (cont'd)**

**(iii) Disposal of subsidiary companies**

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**(iv) Goodwill on consolidation**

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(h)(i) to the financial statements on impairment of non-financial assets.

**(b) Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on 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 arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(h)(i) to the financial statements.

**(i) Recognition and measurement**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **(c) Property, plant and equipment (cont'd)**

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of 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. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### **(ii) Subsequent costs**

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

##### **(iii) Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the principal annual rates as follows:

Buildings	3.33%
Office equipment, furniture and fittings	5% - 10%
Machinery	10%
Motor vehicles	20%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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.

#### **(d) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### As lessee

##### **(i) Finance lease**

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

(CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Leases (cont'd)

##### As lessee (cont'd)

##### (i) Finance lease (cont'd)

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

##### (ii) Operating lease

Leases, where the Group or the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as a prepaid land lease payment.

##### As lessor

Leases in which the Group or the Company do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (e) Financial instruments

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

##### (i) Recognition and initial measurement

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

##### ***Policy applicable from 1 January 2018***

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

##### ***Policy applicable before 1 January 2018***

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Financial instruments (cont'd)**

**(ii) Financial instrument categories and subsequent measurement**

**Financial assets**

***Policy applicable from 1 January 2018***

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

**(a) Amortised cost**

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

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

**(b) Fair value through other comprehensive income**

Equity investments

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

**(c) Fair value through profit or loss**

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 3(h)(ii)).

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Financial instruments (cont'd)**

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

**Financial assets (cont'd)**

***Policy applicable before 1 January 2018***

In the previous financial year, financial assets of the Company were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement as follows:

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**(b) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Financial instruments (cont'd)

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

###### Financial liabilities

###### *Policy applicable from 1 January 2018*

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

###### (a) Amortised cost

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

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

###### *Policy applicable before 1 January 2018*

In the previous financial year, financial liabilities of the Group or of Company were subsequently measured at financial liabilities measured at amortised cost.

##### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (iv) Financial guarantee contracts

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 payment when due in accordance with the original or modified terms of a debt instrument.

###### *Policy applicable from 1 January 2018*

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(CONT'D)

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Financial instruments (cont'd)**

**(iv) Financial guarantee contracts**

***Policy applicable before 1 January 2018***

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

**(v) Derecognition**

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

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

**(vi) Offsetting**

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

**(f) Inventories**

Finished goods are stated at the lower of cost and net realisable value.

Cost of finished goods comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis.

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.

**(g) Cash and cash equivalent**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

##### (ii) Financial assets

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

##### ***Policy applicable from 1 January 2018***

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Impairment of assets (cont'd)**

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

***Policy applicable from 1 January 2018 (cont'd)***

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

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

The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

At each reporting date, the Group and the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

***Policy applicable before 1 January 2018***

All financial assets, other than those categorised as fair value through profit or loss and investments in subsidiary companies are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

**Financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. 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 and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Impairment of assets (cont'd)**

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

***Policy applicable before 1 January 2018 (cont'd)***

Financial assets carried at amortised cost (cont'd)

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

**(i) Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceed received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

**(j) Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(j) Provisions (cont'd)**

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

**(k) Employee benefits**

**(i) Short term employee benefits**

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

**(l) Revenue recognition**

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

**(i) Sale of goods**

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes.

**(ii) Revenue from other sources**

**(a) Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(b) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**(c) Interest income**

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



**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(l) Revenue recognition (cont'd)**

**(ii) Revenue from other sources (cont'd)**

**(d) Management fee**

Management fee is recognised on accrual basis when services are rendered.

**(m) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

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.

**(n) Income tax**

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

(CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

#### (p) Operating segments

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

#### (q) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 4. Property, Plant and Equipment

Group	Freehold land and buildings RM'000	Office equipment, furniture and fittings RM'000	Machinery RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>2018</b>						
<b>Cost</b>						
At 1 January	3,518	1,893	1,090	1,900	1,002	9,403
Additions	-	191	37	382	629	1,239
Disposals	-	(63)	-	(271)	-	(334)
Written off	-	(8)	-	-	-	(8)
At 31 December	3,518	2,013	1,127	2,011	1,631	10,300
<b>Accumulated depreciation</b>						
At 1 January	810	1,298	669	1,386	344	4,507
Charge for the financial year	71	105	82	218	111	587
Disposals	-	(62)	-	(271)	-	(333)
Written off	-	(3)	-	-	-	(3)
At 31 December	881	1,338	751	1,333	455	4,758
<b>Carrying amount</b>						
At 31 December	2,637	675	376	678	1,176	5,542

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(CONT'D)

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>Group</b>	<b>Freehold land and buildings RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Machinery RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>2017</b>						
<b>Cost</b>						
At 1 January	3,518	1,767	1,037	2,044	1,002	9,368
Additions	-	128	54	-	-	182
Disposals	-	(2)	-	(144)	-	(146)
Written off	-	-	(1)	-	-	(1)
At 31 December	<u>3,518</u>	<u>1,893</u>	<u>1,090</u>	<u>1,900</u>	<u>1,002</u>	<u>9,403</u>
<b>Accumulated depreciation</b>						
At 1 January	740	1,200	588	1,155	246	3,929
Charge for the financial year	70	100	82	315	98	665
Disposals	-	(2)	-	(84)	-	(86)
Written off	-	-	(1)	-	-	(1)
At 31 December	<u>810</u>	<u>1,298</u>	<u>669</u>	<u>1,386</u>	<u>344</u>	<u>4,507</u>
<b>Carrying amount</b>						
At 31 December	<u>2,708</u>	<u>595</u>	<u>421</u>	<u>514</u>	<u>658</u>	<u>4,896</u>

**(a) Assets pledged as securities to financial institutions**

The carrying amount of property, plant and equipment of the Group pledged to a licensed bank to secure the credit facilities granted to the subsidiary companies are disclosed in Note 19 to the financial statements:

	<b>Group</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Freehold land	1,143	1,143
Buildings	<u>1,220</u>	<u>1,282</u>
	<u>2,363</u>	<u>2,425</u>

**(b) Assets held under finance leases**

Included in the property, plant and equipment of the Group under finance lease arrangement with carrying amount are as follows:

	<b>Group</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Motor vehicles	<u>-</u>	<u>18</u>

The leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 15 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
 (CONT'D)

**5. INVESTMENTS IN SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>		
<b>In Malaysia</b>		
Unquoted equity shares	16,300	16,300

Details of the subsidiary companies are as follows:

<b>Name of company</b>	<b>Place of business/ Country of incorporation</b>	<b>Effective interest</b>		<b>Principal activities</b>
		<b>2018</b>	<b>2017</b>	
		<b>%</b>	<b>%</b>	
<b>Direct holding:</b>				
SCC Corporation Sdn. Bhd. ("SCCC")	Malaysia	100	100	Selling, marketing and distribution of livestock health products and clean feed solutions to feed mills and livestock industries; and selling, marketing and distribution of food service equipment, including provisions of installments, services and supply of ingredients and specialists products for food and beverage industries.
Anitox (M) Sdn. Bhd. ("ASB")	Malaysia	100	100	Sale, marketing and distribution of animal health products.
SCC Food Manufacturing Sdn. Bhd. ("SCCFM")	Malaysia	100	100	Processing and purchasing products.
<b>Held through SCCC:</b>				
Positive Insight Sdn. Bhd. ("PI")	Malaysia	100	100	Sale, marketing and distribution of animal health products.
Knowledge Mission Sdn. Bhd. ("KM")	Malaysia	100	100	Dormant.

**6. GOODWILL ON CONSOLIDATION**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January/31 December	8	8

**6. GOODWILL ON CONSOLIDATION (CONT'D)**

The goodwill was derived from the acquisition of a wholly-owned subsidiary company, SCC Food Manufacturing Sdn. Bhd. in the previous financial years.

Management determined the recoverable amount of the goodwill on consolidation of each subsidiary company based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

**7. INVESTMENT SECURITIES**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
<b>Non-current</b>		
Fair value through other comprehensive income		
Quoted securities in Malaysia		
- Equity instruments, at fair value	66	68

The movements are as below:

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
At 1 January	68	54
Fair value adjustment	(2)	14
At 31 December	66	68

At 1 January 2018, the Group designated the investments as equity securities at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. In previous financial year, these investments were classified as available-for-sale.

**8. INVENTORIES**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
<b>At cost, finished goods:</b>		
Food service equipment	4,918	4,433
Animal health products	2,735	2,316
Food service supplies	289	92
E-commerce stocks	6	-
	7,948	6,841

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
 (CONT'D)

**8. INVENTORIES (CONT'D)**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	41,764	39,352
Reversal of inventories written down	-	(288)

The reversal of inventories written down was made in previous financial year when the related inventories were sold above their carrying amounts.

**9. TRADE RECEIVABLES**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
Trade receivables	15,366	15,705
Less: Accumulated impairment losses	(351)	(303)
	15,015	15,402

The Group's normal credit terms range from 30 to 120 days (2017: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

**10. OTHER RECEIVABLES**

	<b>2018</b>	<b>Group</b>	<b>2018</b>	<b>Company</b>
	<b>RM'000</b>	<b>2017</b>	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>		<b>RM'000</b>
Other receivables	109	61	39	-
Deposits	350	238	27	2
Prepayments	2,756	301	-	-
GST recoverable	-	5	-	-
	3,215	605	66	2

**11. AMOUNTS DUE FROM SUBSIDIARY COMPANIES**

The non-trade amounts due from subsidiary companies are unsecured, interest-free and repayable upon demand.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(CONT'D)

**12. OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>				
Financial assets at fair value through profit or loss:				
- Unquoted money market fund	13,697	14,324	6,284	6,626

**13. SHARE CAPITAL**

	<b>Group and Company</b>			
	<b>Number of Shares</b>		<b>Amount</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Units'000</b>	<b>Units'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid shares</b>				
At 1 January	141,161	42,776	24,079	21,388
Issuance of bonus shares	-	4,278	-	-
Share split	-	94,107	-	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016	-	-	-	2,691
At 31 December	141,161	141,161	24,079	24,079

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**Share Premium**

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-distributable</b>		
At 1 January	-	2,696
Share issuance shares	-	(5)
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	-	(2,691)
At 31 December	-	-

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares. As disclosed above, the share premium had become part of the Company's share capital.

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account becomes part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM2,691,000 for purposes as set out in Sections 618(3) of the Act. As at the date of issuance of the financial statements, the Company did not utilise the share premium account.

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**14. RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-distributable</b>				
Fair value reserve	70	72	-	-
<b>Distributable</b>				
Retained profits	18,286	15,979	3,390	3,435
	<u>18,356</u>	<u>16,051</u>	<u>3,390</u>	<u>3,435</u>

**Fair Value Reserve**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-distributable</b>		
At 1 January	72	58
Fair value (loss)/gain on financial asset at fair value through other comprehensive income	(2)	14
At 31 December	<u>70</u>	<u>72</u>

Fair value reserve represents the cumulative net fair value changes in the financial assets at fair value through other comprehensive income financial assets until they are derecognised or impaired.

**15. FINANCE LEASE LIABILITIES**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease payments:</b>		
Within one year	-	25
Less: Future finance charge	-	* -
Present value of minimum lease payments	<u>-</u>	<u>25</u>
<b>Present value of minimum lease payments:</b>		
Within one year	<u>-</u>	<u>25</u>
<b>Analysed as:</b>		
Repayable within twelve months	<u>-</u>	<u>25</u>

\* Denotes less than RM1,000

Obligations under finance leases

These obligations were secured by a charge over the leased assets as disclosed in Note 4 to the financial statements. The interest rate for the leases is Nil (2017: 2.29%) per annum.



**16. DEFERRED TAX LIABILITIES**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
At 1 January	200	77
Recognised in profit or loss	(108)	123
At 31 December	<u>92</u>	<u>200</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follow:

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
Deferred tax assets	(67)	-
Deferred tax liabilities	159	200
	<u>92</u>	<u>200</u>

The components and movements of deferred tax assets and deferred tax liabilities and assets are as follows:

**Deferred Tax Assets of the Group**

	<b>Unabsorbed capital allowances RM</b>
<b>Group</b>	
<b>2018</b>	
At 1 January	-
Recognised in profit or loss	(67)
At 31 December	<u>(67)</u>
<b>2017</b>	
At 1 January/31 December	<u>-</u>

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**16. DEFERRED TAX LIABILITIES (CONT'D)**

The components and movements of deferred tax assets and deferred tax liabilities and assets are as follows (cont'd):

**Deferred Tax Liabilities of the Group**

	<b>Accelerated Capital Allowance RM'000</b>
<b>Group</b>	
<b>2018</b>	
At 1 January	200
Recognised in profit or loss	(41)
At 31 December	<u>159</u>
<b>2017</b>	
At 1 January	77
Recognised in profit or loss	123
At 31 December	<u>200</u>

Deferred tax assets have not been recognised in respect of the following item:

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Unused tax losses	1,315	664	1,075	468
Unabsorbed capital allowances	21	-	-	-
	<u>1,336</u>	<u>664</u>	<u>1,075</u>	<u>468</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

**17. TRADE PAYABLES**

Credit terms of trade payables of the Group ranged from 30 to 90 days (2017: 30 to 90 days) from the date of invoices.

**18. OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Other payables	249	256	-	23
Dividend payables	2,400	2,258	2,400	2,258
Deposits	366	242	-	-
Accruals	754	762	126	111
GST payable	18	239	-	212
	<u>3,787</u>	<u>3,757</u>	<u>2,526</u>	<u>2,604</u>

**19. BANK BORROWINGS**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
Current		
Secured		
Bank overdraft	127	276

The bank overdraft of the Group is secured by the following:

- (i) legal charge over freehold land and buildings as disclosed in Note 4; and
- (ii) corporate guarantee from the Company.

The interest rates of the Group for the above facility as at reporting date are as follows:

	<b>2018</b>	<b>Group</b>
	<b>%</b>	<b>2017</b>
		<b>%</b>
Bank overdraft	BLR + 7.95%	BLR + 7.95%

**20. REVENUE**

	<b>2018</b>	<b>Group</b>	<b>2018</b>	<b>Company</b>
	<b>RM'000</b>	<b>2017</b>	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>		<b>RM'000</b>
Trading sales				
- food service equipment	33,585	29,616	-	-
- animal health products	32,365	31,981	-	-
- food service supplies	209	250	-	-
Dividend income	-	-	5,333	5,159
Management fees	-	-	3,588	3,588
	66,159	61,847	8,921	8,747

The timing of revenue recognition is at a point in time.

**21. FINANCE COSTS**

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
		<b>RM'000</b>
Interest expense on:		
- Finance leases	-	2

**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. PROFIT BEFORE TAXATION**

Profit before taxation is determined after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration (Note a)	63	67	19	20
Bad debts written off	7	-	-	-
Depreciation of property, plant and equipment	587	665	-	-
Dividend income	-	(1)	(5,333)	(5,159)
Fair value gain on financial assets	(602)	(463)	(207)	(154)
Impairment losses on trade receivable	103	52	-	-
Reversal of impairment loss on trade receivables	(98)	(139)	-	-
Net impairment loss	5	(87)	-	-
Property, plant and equipment written off	5	-	-	-
Rental expenses on:				
- parking lot	5	5	5	5
- premises	809	526	-	-
(Gain)/Loss on foreign exchange				
- realised	(5)	(141)	-	-
- unrealised	(5)	47	-	-
Gain on disposal of property, plant and equipment	(14)	(28)	-	-
Interest income	(74)	(81)	(9)	(24)
Rental income	(180)	(179)	-	-
Reversal of inventories written down	-	(288)	-	-

**(a) Auditors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors of the Company				
- Statutory audit				
- current financial year	58	58	14	14
- over provision in prior years	-	(2)	-	(5)
	58	56	14	9
Other auditors				
- Non-statutory audit				
- under provision in prior years	5	11	5	11
	63	67	19	20

## 23. TAXATION

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Tax expenses recognised in profit or loss</b>				
<b>Malaysian statutory tax:</b>				
- Current tax provision	2,686	2,298	-	7
- (Over)/Under provision in prior years	(176)	102	(8)	1
	2,510	2,400	(8)	8
<b>Deferred tax</b>				
- Origination and reversal of temporary differences	-	(41)	-	-
- (Over)/Under provision in prior years	(108)	164	-	-
	(108)	123	-	-
	2,402	2,523	(8)	8

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	9,551	8,573	4,746	4,950
At Malaysian statutory tax rate of 24% (2017: 24%)	2,292	2,058	1,139	1,188
Expenses not deductible for tax purposes	390	247	43	43
Income not subject to tax	(160)	(100)	(1,327)	(1,273)
Deferred tax assets not recognised during the financial year	164	52	145	49
(Over)/Under provision of taxation in prior years	(176)	102	(8)	1
(Over)/Under provision of deferred taxation of prior years	(108)	164	-	-
	2,402	2,523	(8)	8

**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. EARNINGS PER SHARE**

Basic earnings per ordinary share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	7,149	6,050
Weighted average number of ordinary shares:		
Issued ordinary shares at beginning of financial year	141,161	42,776
Effect of issuance of ordinary shares pursuant to:		
- Bonus issue	-	4,278
- Share split	-	94,107
Weighted average number of ordinary shares in issue	141,161	141,161
Basic earnings per ordinary share (sen):	5.06	4.29

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current and prior financial years.

**25. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interim dividends paid in respect of the financial year ended:		
- 31 December 2018 (single-tier dividend of 1.7 sen per ordinary share)	2,400	-
- 31 December 2018 (single-tier dividend of 1.7 sen per ordinary share)	2,399	-
- 31 December 2017 (single-tier dividend of 5 sen per ordinary share)	-	2,139
- 31 December 2017 (single-tier dividend of 1.6 sen per ordinary share)	-	2,258
	4,799	4,397

**26. EMPLOYEE BENEFIT EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, wages and others	8,074	7,387	3,632	3,213
EPF	997	915	343	299
Other related expenses	156	225	25	35
Benefits-in-kinds	74	93	74	93
	<u>9,301</u>	<u>8,620</u>	<u>4,074</u>	<u>3,640</u>

The employee benefits expenses of key management personnel are disclosed in Note 28(c) to the financial statements.

**27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	<b>At</b>		<b>Payment</b>	<b>At</b>
	<b>1 January</b>	<b>Additions</b>	<b>RM'000</b>	<b>31 December</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>
<b>Group</b>				
<b>2018</b>				
Finance lease liabilities	25	-	(25)	-
Dividend payable	2,258	4,799	(4,657)	2,400
	<u>2,283</u>	<u>4,799</u>	<u>(4,682)</u>	<u>2,400</u>
<b>2017</b>				
Finance lease liabilities	92	-	(67)	25
Dividend payable	2,139	4,397	(4,278)	2,258
	<u>2,231</u>	<u>4,397</u>	<u>(4,345)</u>	<u>2,283</u>
<b>Company</b>				
<b>2018</b>				
Dividend payable	2,258	4,799	(4,657)	2,400
<b>2017</b>				
Dividend payable	2,139	4,397	(4,278)	2,258

## NOTES TO THE FINANCIAL STATEMENTS

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### 28. RELATED PARTY DISCLOSURES

#### (a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors of the Company and certain members of senior management of the Group and of the Company.

#### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2018 RM'000	2017 RM'000
<b>Group</b>		
<b>Rental paid</b>		
- McDota (M) Sdn. Bhd.*	48	48
- Mr Cher Hwee Seng	108	108
- Sim Ah Choon#	60	60
<b>Company</b>		
<b>Management fee income</b>		
- SCC Corporation Sdn. Bhd.	2,208	2,208
- Anitox (M) Sdn. Bhd.	588	588
- SCC Food Manufacturing Sdn. Bhd.	402	402
- Positive Insight Sdn. Bhd.	390	390
<b>Dividend income</b>		
- SCC Corporation Sdn. Bhd.	3,213	3,359
- Anitox (M) Sdn. Bhd.	2,120	1,800

\* A company in which certain Directors have substantial financial interests

# Spouse of Mr Cher Sew Seng



## 28. RELATED PARTY DISCLOSURES (CONT'D)

### (c) Compensation of key management personnel

The key management personnel compensation is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	2,616	2,436	2,434	2,254
EPF	211	195	199	183
	2,827	2,631	2,633	2,437
Benefits-in-kind	74	93	74	93
	2,901	2,724	2,707	2,530
Non-Executive:				
Fees	72	72	72	72
	2,973	2,796	2,779	2,602
<b>Other key management personnel</b>				
Salaries and other emoluments	1,576	1,948	-	409
EPF	189	236	-	49
	1,765	2,184	-	458
<b>Total</b>	<b>4,738</b>	<b>4,980</b>	<b>2,779</b>	<b>3,060</b>

## 29. OPERATING SEGMENTS

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

- Food service equipment segment includes all industrial-grade equipment used to aid the final preparation and delivery of meals to customers. Food service equipment are highly specialised for application in large kitchens and are suited for the use of restaurants, cafes, fast food joints and other food service providers.
- Feed additives segment are substances added in small or micro quantities to macronutrient of animal feed to provide specific health or nutrition effects in a concentrated manner and can be categorised into antibiotic feed additives and non-antibiotic feed additives.
- Other reportable segments are all others activities other than the above reportable segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

### 29. OPERATING SEGMENTS (CONT'D)

	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Elimination/ adjustments RM'000	Consolidated RM'000
<b>2018</b>						
<b>Revenue</b>						
External customers	33,585	32,365	209	66,159	-	66,159
Inter-segment:						
- Sales	-	-	3,142	3,142	(3,142)	-
- Management fee income	-	-	3,588	3,588	(3,588)	-
- Dividend income	-	-	5,333	5,333	(5,333)	-
Total revenue	33,585	32,365	12,272	78,222	(12,063)	66,159
<b>Results</b>						
Fair value gain on financial assets	-	97	534	631	-	631
Gain on disposal of property, plant and equipment	-	14	-	14	-	14
Interest income	-	30	15	45	-	45
Reversal of impairment loss on trade receivables	64	34	-	98	-	98
Rental income	-	233	187	420	(240)	180
Unrealised (loss)/gain on foreign exchange	-	19	(14)	5	-	5
Miscellaneous income	37	1	134	172	-	172
Bad debts written off	-	(7)	-	(7)	-	(7)
Depreciation of property, plant and equipment	(2)	(71)	(514)	(587)	-	(587)
Impairment loss on trade receivables	(67)	(36)	-	(103)	-	(103)
Taxation	(1,421)	(988)	7	(2,402)	-	(2,402)
Unallocated corporate expenses	(28,070)	(28,545)	(7,469)	(64,084)	7,028	(57,056)
	(29,459)	(29,219)	(7,120)	(65,798)	6,788	(59,010)
Segment profit	4,126	3,146	5,152	12,424	(5,275)	7,149
<b>Assets</b>						
Additions to non-current assets	360	113	766	1,239	-	1,239
Tax recoverable	-	57	69	126	-	126
Segment assets	28,961	13,471	31,805	74,237	(23,216)	51,021
	29,321	13,641	32,640	75,602	(23,216)	52,386
<b>Liabilities</b>						
Deferred tax liabilities	83	9	-	92	-	92
Segment liabilities	7,325	5,052	4,196	16,573	(6,714)	9,859
	7,408	5,061	4,196	16,665	(6,714)	9,951

**NOTES TO THE FINANCIAL STATEMENTS**  
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**29. OPERATING SEGMENTS (CONT'D)**

	<b>Food Service Equipment RM'000</b>	<b>Animal Health Products RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>	<b>Elimination/ adjustments RM'000</b>	<b>Consolidated RM'000</b>
<b>2017</b>						
<b>Revenue</b>						
External customers	29,616	31,981	250	61,847	-	61,847
Inter-segment						
- Sales	-	-	3,040	3,040	(3,040)	-
- Management fee income	-	-	3,588	3,588	(3,588)	-
- Dividend income	-	-	5,159	5,159	(5,159)	-
Total revenue	<u>29,616</u>	<u>31,981</u>	<u>12,037</u>	<u>73,634</u>	<u>(11,787)</u>	<u>61,847</u>
<b>Results</b>						
Fair value gain on financial assets	204	82	177	463	-	463
Gain on disposal of property, plant and equipment	28	-	-	28	-	28
Interest income	26	27	28	81	-	81
Reversal of impairment loss on trade receivables	85	54	-	139	-	139
Rental income	187	232	-	419	(240)	179
Unrealised gain/(loss) on foreign exchange	1	(48)	-	(47)	-	(47)
Miscellaneous income	411	28	-	439	-	439
Depreciation of property, plant and equipment	(447)	(84)	(134)	(665)	-	(665)
Interest expense	(2)	-	-	(2)	-	(2)
Impairment loss on trade receivables	(52)	-	-	(52)	-	(52)
Taxation	(1,908)	(607)	(8)	(2,523)	-	(2,523)
Unallocated corporate expenses	(34,286)	(19,201)	(7,217)	(60,704)	6,867	(53,837)
	<u>(35,753)</u>	<u>(19,517)</u>	<u>(7,154)</u>	<u>(62,424)</u>	<u>6,627</u>	<u>(55,797)</u>
Segment (loss)/profit	<u>(6,137)</u>	<u>12,464</u>	<u>4,883</u>	<u>11,210</u>	<u>(5,160)</u>	<u>6,050</u>
<b>Assets</b>						
Additions to non-current assets	179	3	-	182	-	182
Tax recoverable	-	27	80	107	-	107
Segment assets	<u>25,633</u>	<u>13,881</u>	<u>32,546</u>	<u>72,060</u>	<u>(23,655)</u>	<u>48,405</u>
	<u>25,812</u>	<u>13,911</u>	<u>32,626</u>	<u>72,349</u>	<u>(23,655)</u>	<u>48,694</u>
<b>Liabilities</b>						
Deferred tax liabilities	198	2	-	200	-	200
Segment liabilities	<u>6,108</u>	<u>5,469</u>	<u>3,981</u>	<u>15,558</u>	<u>(7,194)</u>	<u>8,364</u>
	<u>6,306</u>	<u>5,471</u>	<u>3,981</u>	<u>15,758</u>	<u>(7,194)</u>	<u>8,564</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(CONT'D)

**29. OPERATING SEGMENTS (CONT'D)**

Note: Nature of the adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- (A) Inter-segment revenues are eliminated on consolidation.
- (B) Inter-segment expenses are eliminated on consolidation.
- (C) Inter-segment assets and liabilities are eliminated on consolidation.

Geographical information

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

Major customer

Major customers' information are revenues from transactions with a single external customer amount to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

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

	<b>Revenue</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
- Customer A	7,968	8,126
- Customer B	7,807	6,613

### 30. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2018 categorised as follows

	At AC RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<b>Group</b>				
<b>2018</b>				
<b>Financial Assets</b>				
Investment securities	-	-	66	66
Trade receivables	15,015	-	-	15,015
Other receivables	459	-	-	459
Other investments	-	13,697	-	13,697
Cash and bank balances	6,769	-	-	6,769
	<u>22,243</u>	<u>13,697</u>	<u>66</u>	<u>36,006</u>
<b>Financial Liabilities</b>				
Trade payables	5,044	-	-	5,044
Other payables	3,769	-	-	3,769
Bank borrowings	127	-	-	127
	<u>8,940</u>	<u>-</u>	<u>-</u>	<u>8,940</u>
<b>Company</b>				
<b>Financial Assets</b>				
Other receivables	66	-	-	66
Amount due from subsidiary companies	6,632	-	-	6,632
Other investments	-	6,284	-	6,284
Cash and bank balances	678	-	-	678
	<u>7,376</u>	<u>6,284</u>	<u>-</u>	<u>13,660</u>
<b>Financial Liabilities</b>				
Other payables	2,526	-	-	2,526
	<u>2,526</u>	<u>-</u>	<u>-</u>	<u>2,526</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
 (CONT'D)

**30. FINANCIAL INSTRUMENTS (CONT'D)**

**(a) Classification of financial instruments (cont'd)**

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2017 categorised as follows:

	<b>At Loans and receivables RM'000</b>	<b>At FVTPL RM'000</b>	<b>At AFS RM'000</b>	<b>At AC RM'000</b>	<b>Total RM'000</b>
<b>Group</b>					
<b>2017</b>					
<b>Financial Assets</b>					
Investment securities	-	-	68	-	68
Trade receivables	15,402	-	-	-	15,402
Other receivables	299	-	-	-	299
Other investments	-	14,324	-	-	14,324
Cash and bank balances	6,443	-	-	-	6,443
	<u>22,144</u>	<u>14,324</u>	<u>68</u>	<u>-</u>	<u>36,536</u>
<b>Financial Liabilities</b>					
Trade payables	-	-	-	3,731	3,731
Other payables	-	-	-	3,518	3,518
Finance lease liabilities	-	-	-	25	25
Bank borrowings	-	-	-	276	276
	<u>-</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>301</u>
<b>Company</b>					
<b>Financial Assets</b>					
Other receivables	2	-	-	-	2
Amount due from subsidiary companies	6,267	-	-	-	6,267
Other investments	-	6,626	-	-	6,626
Cash and bank balances	895	-	-	-	895
	<u>7,164</u>	<u>6,626</u>	<u>-</u>	<u>-</u>	<u>13,790</u>
<b>Financial Liabilities</b>					
Other payables	-	-	-	2,392	2,392

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management

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

- Credit risk
- Liquidity risk
- Market risks

##### (i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer, loans and advances to subsidiary companies and financial guarantee given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

##### Trade receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from trading activities.

At each reporting date, Group assesses whether any of the trade receivables are credit impaired.

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

*Exposure to credit risk, credit quality and collateral*

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

*Concentration of credit risk*

As at the end of the financial year, the Group has 2 (2017: 1) major customers and accounted for approximately 26% (2017: 10%) of the trade receivables outstanding.

*Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms. The Group's debt recovery process is that when invoices which are exceeded credit terms, the Company will start to initiate a structured debt recovery process which is monitored by sales team.

The Group uses an allowance matrix to measure ECLs for trade receivables. Consistent with the debt recovery process, invoices which are exceeded credit terms will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group believes that the forward-looking factors are immaterial for the purpose of calculation impairment for the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
 (CONT'D)

**30. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management (cont'd)**

**(i) Credit risk (cont'd)**

**Trade receivables (cont'd)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables of the Group as at 31 December 2018:

	<b>Gross trade receivables RM</b>	<b>Allowance for Impairment RM</b>	<b>Net balance RM</b>
<b>Group</b>			
<b>2018</b>			
Current	6,150	(8)	6,142
<i>Past due or not impaired</i>			
- Less than 30 days	4,313	(8)	4,305
- 31 to 60 days	1,062	(2)	1,060
- 61 to 90 days	1,985	(19)	1,966
- more than 90 days	1,594	(52)	1,542
	<u>15,104</u>	<u>(89)</u>	<u>15,015</u>
<b>Credit impaired</b>			
More than 90 days			
- Individually impaired	262	(262)	-
	<u>15,366</u>	<u>(351)</u>	<u>15,015</u>

The movement in the allowance for impairment losses in respect of trade receivables of the Group during the financial year are as follows:

	<b>Lifetime ECL RM</b>	<b>Credit impaired RM</b>	<b>Total RM</b>
<b>Group</b>			
At 1 January 2018, as previously stated	-	303	303
Opening balance adjustment from adoption of MFRS 9	43	-	43
At 1 January 2018, as restated	<u>43</u>	<u>303</u>	<u>346</u>
Impairment loss recognised	47	56	103
Impairment loss reversed	(1)	(97)	(98)
At 31 December 2018	<u>89</u>	<u>262</u>	<u>351</u>



**30. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management (cont'd)**

**(i) Credit risk (cont'd)**

**Trade receivables (cont'd)**

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

The aging of trade receivables of the Group as at 31 December 2017 was as follows:

	<b>Gross trade receivables RM</b>	<b>Allowance for Impairment RM</b>	<b>Net balance RM</b>
<b>Group</b>			
<b>2017</b>			
Current	9,614	-	9,614
<i>Past due or not impaired</i>			
- Less than 30 days	3,072	-	3,072
- 31 to 60 days	1,650	-	1,650
- 61 to 90 days	642	-	642
- more than 90 days	727	(303)	424
	<u>15,705</u>	<u>(303)</u>	<u>15,402</u>

The movement in the allowance for impairment losses in respect of trade receivables of the Group in previous financial year are as follows:

	<b>Group RM</b>
At 1 January 2017	391
Impairment loss recognised	52
Impairment loss reversed	(139)
Written off	(1)
At 31 December 2017	<u>303</u>

**Cash and cash equivalent**

*Risk management objectives, policies and processes for managing the risk*

The cash and cash equivalents are held with banks and financial institutions. The Group has a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

*Exposure to credit risk, credit quality and collateral*

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

*Recognition and measurement of impairment loss*

These banks and financial institutions have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

**30. FINANCIAL INSTRUMENTS (CONT'D)**

**(c) Financial risk management (cont'd)**

**(i) Credit risk (cont'd)**

**Other receivables**

*Risk management objectives, policies and processes for managing the risk*

Credit risks on other receivables are mainly arising from receivables from third parties. The Group manages the credit risk on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

*Exposure to credit risk, credit quality and collateral*

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

*Recognition and measurement of impairment loss*

As there are only a few debtors, these other receivables have low credit risks. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

**Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiary companies. The Company monitors the ability of the subsidiary companies to service its loans on an individual basis.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM127,000 (2017: RM276,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary companies' secured loans.

*Recognition and measurement of impairment loss*

There is no history of default from subsidiary companies, and there are no indicators that any going concern from subsidiary companies. The Company is of the view that loss allowance is not material and hence, it is not provided for.

**Inter-company loans and advances**

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk, credit quality and collateral*

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

*Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiary companies has low credit risk because there is no indicators that any going concern from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Financial risk management (cont'd)

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from its various payables.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term and long-term funding requirements.

The Group's financial liabilities at the end of the reporting period either mature within one year or are repayable on demand.

##### (iii) Market risks

###### (a) Foreign currency exchange risk

The Group is exposed to foreign currency risk through normal trading activities on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Euro Dollar (EUR), Bruneian Dollar (BND) and Singapore Dollar (SGD). Foreign currency risk is monitored closely on an ongoing basis to ensure the net exposure is at an acceptable level.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	EUR RM'000	BND RM'000	SGD RM'000	Total RM'000
<b>Group</b>					
<b>2018</b>					
<u>Financial Assets</u>					
Cash and bank balances	693	-	-	-	693
	<u>693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693</u>
<u>Financial Liabilities</u>					
Trade payables	(648)	(1)	-	-	(649)
	<u>(648)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(649)</u>
<b>2017</b>					
<u>Financial Assets</u>					
Trade receivables	-	-	-	14	14
Cash and bank balances	1,757	-	-	-	1,757
	<u>1,757</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>1,771</u>
<u>Financial Liabilities</u>					
Trade payable	93	17	1	-	111
	<u>93</u>	<u>17</u>	<u>1</u>	<u>-</u>	<u>111</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**  
(CONT'D)

**30. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management (cont'd)**

**(iii) Market risks (cont'd)**

**(a) Foreign currency exchange risk (cont'd)**

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD, EUR, BND and SGD exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	Effect on profit before taxation	
		2018 RM'000	2017 RM'000
USD	Strengthened 5%	(67)	(83)
	Weakened 5%	67	83.2
EUR	Strengthened 5%	1	1
	Weakened 5%	(1)	(1)
BND	Strengthened 5%	-	1
	Weakened 5%	-	(1)
SGD	Strengthened 5%	-	(1)
	Weakened 5%	-	1

**(b) Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rate.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	Group	
	2018 RM'000	2017 RM'000
<b>Fixed rate instrument</b>		
Financial Liability		
- Finance lease liabilities	-	25
<b>Floating rate instrument</b>		
Financial Liability		
- Bank borrowings	127	276

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (cont'd)

##### (iii) Market risks (cont'd)

##### (b) Interest rate risk (cont'd)

###### Interest rate risk sensitivity analysis

###### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

###### *Cash flow sensitivity analysis for floating rate instruments*

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Company's profit before taxation by RM1,270 (2017: RM2,760), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

##### (c) Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	<b>Fair value of financial instruments carried at fair value Level 1 RM'000</b>	<b>Total fair value RM'000</b>	<b>Carrying amount RM'000</b>
<b>Group</b>			
<b>2018</b>			
<b>Financial Assets</b>			
Investment securities	66	66	66
Other investments	13,697	13,697	13,697
<b>2017</b>			
<b>Financial Assets</b>			
Investment securities	68	68	68
Other investments	14,324	14,324	14,324
<b>Company</b>			
<b>2018</b>			
<b>Financial Asset</b>			
Other investments	6,284	6,284	6,284
<b>2017</b>			
<b>Financial Asset</b>			
Other investments	6,626	6,626	6,626

**30. FINANCIAL INSTRUMENTS (CONT'D)**

**(c) Fair value of financial instruments (cont'd)**

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

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

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

### 31. CAPITAL MANAGEMENT

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

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	<b>2018</b>	<b>Group</b>
	<b>RM'000</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Debt</b>		
Finance lease liabilities	-	25
Bank borrowings	127	276
	127	301
Less: Cash and bank balances	(6,769)	(6,443)
Excess of cash and bank balances	(6,642)	(6,142)
 Total Equity	 42,435	 40,130
 Gearing ratio	 *	 *

\* Gearing ratio not applicable for financial years ended 31 December 2017 and 2018 as the cash and cash equivalent of the Group are sufficient to settle the outstanding debts.

There were no changes in the Group's approach to capital management during the financial year.

### 32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 April 2019.

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

## SHARE CAPITAL

Issued and Fully Paid-up Capital : 141,160,140  
 Class of Shares : Ordinary shares  
 Voting Rights : One vote per ordinary share

## SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
32	Less than 100	1,093	*
83	100 to 1,000	45,321	0.03
450	1,001 to 10,000	2,663,360	1.89
544	10,001 to 100,000	18,900,889	13.39
100	100,001 to less than 5% of issued shares	57,654,401	40.84
4	5% and above of the issued shares	61,895,076	43.85
<b>1,213</b>	<b>TOTAL</b>	<b>141,160,140</b>	<b>100.00</b>

\* Less than 0.01%

## LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Cher Sew Seng	19,397,847	13.74
2.	Chee Long Sing @ Cher Hwee Seng	16,500,000	11.69
3.	Chee Long Sing @ Cher Hwee Seng	14,186,784	10.05
4.	Goh Ah Heng @ Goh Keng Chin	11,810,445	8.37
5.	Soh Kian Teck	5,000,096	3.54
6.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Equity Trust	4,983,860	3.53
7.	Chu Sou Taik	4,376,448	3.10
8.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Small CAP Opportunity Unit Trust	3,761,000	2.66
9.	Tee Meng Hock	3,613,683	2.56
10.	Tee Meng Hock	2,999,883	2.13
11.	Moke Ah Kow	2,724,050	1.93
12.	Ong Gee Leng	2,558,724	1.81
13.	Chu Sou Taik	2,270,400	1.61
14.	Yee Kim Ee	1,162,530	0.82
15.	Moke Joan Moon	1,011,800	0.72
16.	Tey Ser Kok @ Teh Ser Kok	825,000	0.58
17.	Cher Lip Chun	824,802	0.58
18.	Goh Foi Tee	759,000	0.54
19.	Cher Chou Chiang	740,000	0.52
20.	Low Kwi Yeen	660,000	0.47
21.	Look Kan Chai @ Look Shee Kiem	660,000	0.47
22.	Chuah Ying Hooi	650,000	0.46
23.	Ng Inn Jwee	584,000	0.41



**ANALYSIS OF SHAREHOLDINGS**  
AS AT 29 MARCH 2019  
(cont'd)

**LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)(CONT'D)**

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
24.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Mak Tian Meng (MY0343)	559,680	0.40
25.	Lim Chee Chin @ Lim Ching Sin	500,000	0.35
26.	Siow Kin Leong	495,000	0.35
27.	Kor Beng	495,000	0.35
28.	Goh Thong Beng	471,900	0.33
29.	Lim Kem Wat	460,000	0.33
30.	Chern Boon Seng	432,390	0.31
	<b>TOTAL</b>	<b>105,474,322</b>	<b>74.72</b>

**SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)**

No.	Name of Shareholders	No. of Shares Held			
		Direct	%	Indirect	%
1.	Chee Long Sing @ Cher Hwee Seng	30,686,784	21.74	**139,989	0.10
2.	Cher Sew Seng	19,397,847	13.74	-	-
3.	Goh Ah Heng @ Goh Keng Chin	11,810,445	8.37	-	-

Notes:-

\*\* Deemed interest by virtue of his direct shareholdings in Kumsan Enterprise (M) Sdn Bhd pursuant to Section 8 of the Companies Act 2016

**DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)**

No.	Name of Directors	No. of Shares Held			
		Direct	%	Indirect	%
1.	Chee Long Sing @ Cher Hwee Seng	30,686,784	21.74	#618,489	0.44
2.	Cher Sew Seng	19,397,847	13.74	##1,482,500	1.05
3.	Goh Ah Heng @ Goh Keng Chin	11,810,445	8.37	-	-
4.	Dato' Ismail bin Hamzah	-	-	-	-
5.	Dato' Dr Choong Tuck Yew	66,000	0.05	-	-
6.	Datuk Wira Dr Goy Hong Boon	-	-	-	-
7.	Cher Lip Chun	842,802	0.60	^66,000	0.05
8.	Chu Soo Meng	99,000	0.07	-	-

Notes:-

# Deemed interest by virtue of his direct shareholdings in Kumsan Enterprise (M) Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and by virtue of his spouse's and child's direct shareholding in SCC.

## Deemed interest by virtue of his spouse's and children's direct shareholding in SCC.

^ Deemed interest by virtue of his spouse's direct shareholdings in SCC.

# LIST OF PROPERTIES

Location of Property	Description (Existing Use)	Land Area Buildup Area (Sq ft.)	Tenure	Age of Building	Net Book Value as at 31.12. 2018	Date of acquisition
No. 93, Jalan Pendamar 27/90 Seksyen 27 40400 Shah Alam (PT No 4782)	Company Warehouse 1+1/2 storey factory	9,430 / 5,835	Freehold	22 years	RM720,358	June 1994
No. 58, Jalan Kapar 27/99, Seksyen 27, 40400 Shah Alam (PT No 4823)	Company Warehouse/ factory 1+1/2 storey factory	4,680 / 3,888	Freehold	12 years	RM364,863	June 2005
No. 54, Jalan Kapar 27/89, Seksyen 27 40400 Shah Alam (PT No 4825)	Company Warehouse 1+1/2 storey factory	4,680 / 3,888	Freehold	12 years	RM364,863	June 2005
No. 138, Jalan Kapar 27/89 Seksyen 27 40400 Shah Alam (PT No 4742)	Rented out 3 storey Industrial Showroom	4,680 / 6,383	Freehold	16 years	RM334,620	March 1999
No. 140 Jalan Kapar 27/89, Seksyen 27 40400 Shah Alam (PT No 4741)	Rented out 3 storey Industrial Showroom	4,680 / 6,383	Freehold	16 years	RM320,024	March 1999
No. 15 & 15A Jalan Hujan, Taman Overseas Union, 58200 Kuala Lumpur (Lot 9383)	Company Office Double Storey Shoplot	1,600 / 3,200	Freehold	48 years	RM274,779	October 1992
No. 91, Jalan Pendamar 27/90, Seksyen 27 40400 Shah Alam (PT No 4783)	Company Warehouse 1+1/2 storey factory	4,680 / 3,735	Freehold	22 years	RM257,442	June 1994

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("19th AGM") of SCC HOLDINGS BERHAD will be held at Function Room 4, Level 2, Hotel Sri Petaling, No. 3, Jalan Radin Anum, Bandar Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan (KL) on Tuesday, 28 May 2019 at 2.30 p.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors and Auditors Reports thereon. **(See Explanatory Note 9)**
2. To approve the payment of Directors' fees of RM72,000 for the financial year ended 31 December 2018. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire pursuant to Article 90 of the Company's Constitution:-
  - (i) Mr Chee Long Sing @ Cher Hwee Seng **(Ordinary Resolution 2)**
  - (ii) Dato' Dr. Choong Tuck Yew **(Ordinary Resolution 3)**
  - (iii) Mr Chu Soo Meng **(Ordinary Resolution 4)**
4. To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution:

### 5. **Ordinary Resolution** **Proposed Retention of Independent Directors**

To approve the following Directors, each of whom will have served as an Independent Non-Executive Director cumulative term of more than 9 years, to continue to act as Independent Non-Executive Director from 3 April 2020 to 2 April 2021:-

- (i) Dato' Ismail bin Hamzah **(Ordinary Resolution 6)**
  - (ii) Dato' Dr Choong Tuck Yew **(Ordinary Resolution 7)**
  - (iii) Datuk Wira Dr Goy Hong Boon **(Ordinary Resolution 8)**
- (See Explanatory Note 10)**

### 6. **Ordinary Resolution** **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** **(Ordinary Resolution 9)** **(See Explanatory Note 11)**

"THAT subject to Sections 75 and 76 of the Companies Act, 2016 and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total issued and paid up share capital of the Company for the time being and the Directors be and also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

## NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

### 7. **Special Resolution** **Proposed Adoption of the New Constitution of the Company**

**(Special Resolution 1)**  
**(See Explanatory**  
**Note 12)**

"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix I accompanying the Company's Annual Report for the financial year ended 31 December 2018, be and is hereby adopted as the Constitution of the Company, AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board  
**SCC HOLDINGS BERHAD**

**WONG YUET CHYN (MAICSA 7047163)**  
**LEE WEE HEE (MAICSA 0773340)**

Company Secretaries  
Kuala Lumpur

30 April 2019

#### **Notes:-**

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the 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.
4. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 May 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

#### **Explanatory Note on Ordinary Business**

##### **9. Audited Financial Statements for financial year ended 31 December 2018**

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

#### **Explanatory Notes on Special Business**

##### **10. Proposed Retention of Independent Directors**

The Proposed Ordinary Resolutions 6, 7 and 8 in Agenda 5, if passed, will allow Dato' Ismail, Dato' Dr. Choong and Datuk Wira Dr. Goy to be retained and continue acting as Independent Directors to fulfill the requirements of Rule 15.02 of Bursa Malaysia's ACE Market Listing Requirements and in line with the recommendation No. 4.2 of the Malaysian Code of Corporate Governance. The full details of the Board's justification and recommendations for the retention of Dato' Ismail, Dato' Dr. Choong and Datuk Wira Dr. Goy as Independent Directors are set out on Page [ ] of the Board's Corporate Governance Overview Statement in the 2018 Annual Report.

##### **11. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last Annual General Meeting held on 28 May 2018 and this authority will lapse at the conclusion of the 19th AGM of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

##### **12. Proposed Adoption of the New Constitution of the Company**

The Special Resolution 1, if passed, will bring the Company's Constitution in line with the Companies Act, 2016 which came into force on 31 January 2017, the updated provisions of the ACE Market Listing Requirements and the prevailing statutory and regulatory requirements, details of which are set out in Appendix I accompanying the Company's Annual Report 2018. Pursuant to Section 36 of the Companies Act, 2016, the proposed adoption of the new Constitution of the Company, if passed as a Special Resolution by a majority of not less than 75% of the members who are entitled to vote, and do vote in person or by proxy, shall take immediate effect and it shall bind the Company and the members accordingly.

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# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29 OF THE ACE MARKET LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD ("AMLR")

**1. Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is seeking election as a Director at the 19th AGM of the Company.

**2. General mandate for issue of securities in accordance with Rule 6.04(3) of AMLR**

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 10 of the Notice of 19th AGM.



<b>CDS Account No</b>	
<b>No of shares held</b>	

## FORM OF PROXY

I/We \_\_\_\_\_ (NRIC No./Passport No./Co. No. \_\_\_\_\_)  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

being a member/members of **SCC HOLDINGS BERHAD (511477-A)**, hereby appoint \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS) (NRIC No./Passport No./Co. No. \_\_\_\_\_)

of \_\_\_\_\_  
(ADDRESS)

or failing him \_\_\_\_\_ (NRIC No./Passport No./Co. No. \_\_\_\_\_)  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting ("19th AGM") of the Company to be held at Function Room 4, Level 2, Hotel Sri Petaling, No. 3, Jalan Radin Anum, Bandar Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan (KL) on **Tuesday, 28 May 2019 at 2.30 p.m.** and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Mr Chee Long Sing @ Cher Hwee Seng		
3.	Re-election of Dato' Dr. Choong Tuck Yew		
4.	Re-election of Mr Chu Soo Meng		
5.	Re-appointment of Auditors		
6.	Retention of Dato' Ismail bin Hamzah as Independent Director		
7.	Retention of Dato' Dr. Choong Tuck Yew as Independent Director		
8.	Retention of Datuk Wira Dr. Goy Hong Boon as Independent Director		
9.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
SPECIAL RESOLUTION		FOR	AGAINST
10	Adoption of New Constitution of the Company		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
Signature(s) of member(s)

### Notes:-

- A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the 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 is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
- To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 17 May 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.
- Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

The Company Secretaries

**SCC HOLDINGS BERHAD**  
(511477-A)

No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)

1st fold here







**SCC HOLDINGS BERHAD**  
511477-A

19-21, Jalan Hujan, Taman Overseas Union  
58200 Kuala Lumpur, Malaysia.  
T: (603) 7782 8384  
F: (603) 7781 8561  
E: [sccholdings@scc.com.my](mailto:sccholdings@scc.com.my)

[www.scc.com.my](http://www.scc.com.my)

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0158  
**COMPANY NAME** : SCC HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2018

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

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

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board consists of 3 (three) Independent and Non-Executive Directors ('INEDs') and 5 (five) Executive Directors ('EDs').</p> <p>The INED are not involved in setting the business's strategies and plans.</p> <p>Due to our INEDs are not involve with SCC Holdings' ('SCCH') business operation and all the EDs are actively dealing with the day to day business operations, therefore all the business strategic and objectives are set by the EDs and they will provide an overview of the resulting plan and update on key issues to the board.</p> <p>The bi-monthly Risk Management Meeting minutes and action plans are briefed to the Board during Board Meeting for Board's assurance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## Intended Outcome

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

## Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Chee Long Sing @ Cher Hwee Seng ('Ben Cher') is the Executive Chairman of the Company. His profile can be viewed on page 5 of The Company's Annual Report. He provides leadership so that the Board can perform its responsibilities effectively.</p> <p>The Chairman is responsible for, amongst others:</p> <ul style="list-style-type: none"><li>i. Ensure that all relevant issues for the effective running of the Company's business are on the agenda;</li><li>ii. Ensure that clear and quality information to facilitate decision-making is delivered to Board members on a timely basis;</li><li>iii. Encourage all directors to play an active role in Board activities and facilitate the effective contributions of all members of the Board;</li><li>iv. Chair general meetings of shareholders;</li><li>v. Ensure that there is regular and effective evaluation of the Board's performance;</li><li>vi. Ensure that every Board resolution and questions arising at any Board meeting to be decided by a majority of votes;</li><li>vii. Ensure the integrity and effectiveness of the governance process of the Board;</li><li>viii. Act as facilitator at Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming and ensure that discussions result in logical and understandable outcomes, and</li><li>ix. Perform other responsibilities assigned by the Board from time to time.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board recognized the importance of clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and Managing Director are strictly separated and held by different individuals.</p> <p>The Chairman is primarily responsibilities is ensuring Board's effectiveness and conduct of all aspects of its role.</p> <p>Mr. Cher Sew Seng ('Francis Cher') who is the Group Managing Director ('GMD') and plays the role of the Chief Executive Officer, is Primarily responsible for the overall management of day-to-day business operations and implementation of key business decisions at The Group. He also brings relevant business developmental plans to the Board, motivates employees and drives the change and innovation for organic growth within the Group.</p> <p>The role and responsibilities of Managing Director are as follow:</p> <ul style="list-style-type: none"><li>i. Oversee the daily management of the Group's operations to ensure the smooth and effective running of the Group;</li><li>ii. Develop and implement overall strategic policy and directions of the Group's business operations based on effective risk management controls;</li><li>iii. Ensure that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations;</li><li>iv. Ensure high management competency and that an effective management succession plan is in place to sustain continuity of operations;</li><li>v. Direct and control all aspects of the business operations in a cost effective manner;</li><li>vi. Be the official spokesman for the Group and responsible for regulatory, governmental and business relationships;</li><li>vii. Maintain and facilitate a positive working environment and good employee relations;</li><li>viii. Manage the Group through the collective efforts of the Executive Directors and General Managers and leads the Management team to carry out their roles, duties and</li></ul>

	functions effectively; ix. Attend to any queries or concerns regarding the Group raised by shareholders, investors, media, relevant authorities and the public, and x. Implement the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GMD and this will be considered as the GMD's authority and accountability as far as the Board is concerned	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

## Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>SCC's Board is supported by two (2) External Company Secretaries. Both Company Secretaries of SCC are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries &amp; Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, guidance and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. The Board is regularly updated on new guidelines, directions and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the Executive Directors and Finance Manager (Chief Financial Officer designate pursuant to the ACE Market Listing Requirements) assist the Chairman of the Board and Chairmen of Board Committees to deal with the Board agenda and to provide the relevant information and documents to directors on a timely basis. The Board is satisfied with the support and performance provided by the Company Secretaries in assisting the Board to discharge its duties.</p> <p>The Board are of the view that the Company Secretaries have been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board meetings hold at least four times a year. An additional meeting to be convened where necessary to deal with urgent and important matters that require attention of the Board.</p> <p>A full agenda and relevant Board Papers are circulated to all Directors at least 5 (five) days in advance of each Board meeting.</p> <p>Board members are required to attend the Board meetings and attendance of each Director in the meetings held in a financial year is required to be disclosed in the Annual Report 2018 under the Directors Profile from page 5 to page 6. Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.</p> <p>The Board Papers provided include the financial results and progress report on the Group's developments, minutes of the meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.</p> <p>All Directors are expected to participate fully and constructively in Board Meetings and to bring the benefit of their particular knowledge, skills and abilities to the Board.</p> <p>Urgent matters that cannot wait until the next Board meeting can be dealt with by a circulating resolution. A signed and approved resolution by the majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors.</p> <p>Full Board minutes of each Board meeting are kept at the registered office of the Company and are available for inspection by any Director during office hours. The minutes of meetings shall accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on particular matter.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the <a href="#">Board</a>.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

## Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies—

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The board charter was approved by the board on 30 April 2018 and published on the company's website, subsequent amendment to the Charter can only be approved by the Board.</p> <p>Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication.</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is published on the Company's website at <a href="http://www.sccholdings.com.my">www.sccholdings.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Code of Ethics applied to the Board can be found under item 3.1.7 of the Board Charter which is published on the company's website at <a href="http://www.sccholdings.com.my">www.sccholdings.com.my</a>.</p> <p>To prevent abuse of power, corruption, insider trading and money laundering, job segregations and limit of authorities had been set with separate duties and approval being assigned to different personal with different authorities limits.</p> <p>The AC will review related parties transactions every quarter and all employees had to declare any relationship with any stakeholders annually to Human Resources Department in order to minimise the risk of conflicting interest.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised Whistle Blowing Policies and Procedures ("WBPP") on 30 April 2018 and published it on the Company's website. This WBPP promotes an environment of integrity and ethical behaviour within the Group and are applicable to all employees of the Group.</p> <p>The Audit Committee ('AC') Chairman has been identified by the Board as the person to whom all whistle blowing reports may be conveyed. The AC Chairman may delegate the responsibility for implementing the Whistle Blowing procedures to a guardian/custodian of the Whistle Blowing procedure within the Company.</p> <p>The details of the Whistle-blowing Policy are available for reference at the Company's website at <a href="http://www.sccholdings.com.my">www.sccholdings.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In accordance with the Company's memorandum and articles of association ("M&amp;A"), the number of total directors of the Board shall not be less than two (2) and more than fifteen (15).</p> <p>The Company complies with Paragraph 15.02 of the Ace Market Listing Requirements of Bursa Securities, at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent.</p> <p>The recommended good practise will put into consideration when vacancies become available.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.



### Intended Outcome

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

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the nine (9) years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	An Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the nine (9) years.

### Intended Outcome

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

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	There were no procedures and criteria established for assessment of potential candidates for appointment to the board and senior management.	
		Furthermore, there were no new appointment to the board and senior management during FYE 2018.	
		The board will establish a guideline outlining the criteria and process for considering new appointments to the board taking cognisance of diversity in skills, experience, age, cultural background and gender.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board believes that competency and skill are more important than gender diversity.	
		The Board will consider the appointment of female director when a right candidate is identified	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board delegates to the Nomination Committee ('NC') the responsibility for recommending suitable candidates for Directorships to the Board.</p> <p>In undertaking this responsibility, the NC is open to all recommendations for suitable candidates from all sources.</p> <p>The NC may receive suggestions from existing Board members, Management and major shareholders. The Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is chaired by Independent Non-Executive Director. The members of the NC are as follows:</p> <p><b>Chairman</b> Dato' Dr. Ismail bin Hamzah ( Independent Non-Executive Director)</p> <p><b>Members</b> Dato' Dr. Choong Tuck Yew (Independent Non-Executive Director) Datuk Wira Dr. Goy Hong Bong (Independent Non-Executive Director)</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is delegated for evaluating the effectiveness of the Board, Board Committees and the performance of each individual director. The evaluation involved the Committee members completing separate Questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.</p> <p>The evaluation process also involved peer and self-review assessments, where Directors would assess their own performance and that of their fellow Directors. These assessments and comments were then discussed amongst the Nomination Committee members and a collective conclusion was reported to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The long-standing practice for determining executive directors and senior management's remuneration is based on the Chairman's recommendation with performance bonus payments linked to company and individual performance. The Chairman had in-depth knowledge of the demands, complexities and performance of the company as well as the skills and performance of the directors and senior management.</p> <p>Fees for non-executive directors were determined on a year-to-year basis and all the directors concur that these are aligned to market practice.</p> <p>The board, through the RC, wish to document the remuneration policies and procedures, for directors and senior management taking into account the complexity of the company's business and the individual's responsibilities. A copy of the remuneration policies and procedures is to be retained by the company secretary together with other policies and procedures of the board.</p> <p>Further to that, the remuneration should also be aligned with the business strategy and long-term objectives of the company.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



### Intended Outcome

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

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

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The board has a Remuneration Committee ('RC INEDs and the Executive Chairman.</p> <p>The members of the RC are as follows:</p> <p><b>Chairman</b> Dato' Dr. Choong Tuck Yew ( Independent Non-Executive Director)</p> <p><b>Members</b> Dato' Dr. Ismail bin Hamzah (Independent Non-Executive Director) Mr. Chee Long Sing @ Cher Hwee Seng (Executive Chairman)</p> <p>The composition of RC is because the Executive Chairman had in-depth knowledge of the demands, complexities and performance of the company as well as the skills and performance of the directors and senior management.</p> <p>The committee has established a written TOR which outlines its functions; members' powers and authority; and duties and was disclosed on the company's website.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

<b>Timeframe</b>	:	Choose an item.	
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### Intended Outcome

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

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the view that the non-disclosure on named basis for the top senior management of the Company will not significantly affect the understanding and the evaluation of the Group's governance and to ensure confidentiality of the remuneration of the top senior management of the Company.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company departs from Practice 7.2 of the MCGG 2017 due to security and confidentiality concerns. Disclosure could result in adverse implication including dissatisfaction and unhappiness among the employees in the event that the Company discloses salary, bonus, benefits-in-kind and other emoluments of the senior management on a named basis.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee is chaired by the Independent Non-Executive Director Dato' Dr. Choong Tuck Yew whereas the Board is chaired by the Executive Chairman Mr. Chee Long Sing @ Cher Hwee Seng.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Audit Committee has yet to revise its Terms Of Reference to include a clause on a minimum cooling-off period of two (2) years before a former key audit partner can be appointed as a member of the Audit Committee.
	:	The Audit Committee expects to formulate a policy and revise its Terms Of Reference to include a clause on a minimum cooling off period of two (2) years before a former key audit partner can be appointed as a member of the Audit Committee in three (3) years' time.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.
	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	: Departure	
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	: The Audit Committee has yet to formulate policies and procedures to assess the suitability, objectivity and independence of the external auditor.	
	: The Audit Committee expects to formulate policies and procedures to assess the suitability, objectivity and independence of the external auditor in three (3) years' time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	: Choose an item.	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Audit Committee of the Group comprises the following members:  <b>Chairman</b> Dato' Dr. Choong Tuck Yew who is Independent Non-Executive Director  <b>Members</b> Dato' Dr. Ismail bin Hamzah who is Independent Non-Executive Director Datuk Wire Dr. Goy Hong Boon who is Independent Non-Executive Director

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	: Applied															
<b>Explanation on application of the practice</b>	<p>The AC comprised of three (3) independent non-executive directors whom amongst them possess a mix of skills, experience and qualification ranging from chartered accountant, economics and finance to corporate advisory, mergers and acquisitions consultants. Financial literacy is part of their qualifications and line of work.</p> <p>During the financial year ended 31 December 2017, the members of the Audit Committee have attended several relevant courses as below:</p> <table><tr><th>Directors</th><th>Seminar / Conference / Workshop</th></tr><tr><td rowspan="10">Dato' Dr. Choong Tuck</td><td>Malaysian Institute of Accountants - Role of CFOs</td></tr><tr><td>Implementing The Companies Act 2016 &amp; The Malaysian Code Of Corporate Governance 2017 – What Every Director Needs to Know</td></tr><tr><td>Taman Indrahana Toastmasters Club: International Speech &amp; Table Topics Contests</td></tr><tr><td>Division D Speakers' Showcase Area D1, D2 &amp; D3 Joint International Speech &amp; Table Topic Contests</td></tr><tr><td>Poh Kong Appreciation Inquiry Workshop</td></tr><tr><td>Taman Indrahana Toastmasters Humorous Speech &amp; Evaluation' Contests</td></tr><tr><td>District 102 Division C Joint Area C3 &amp; C4 Humorous Speech &amp; Evaluation Contests 2018/2019</td></tr><tr><td>Anti-Corruption Summit 2018 Good Governance &amp; Integrity For Sustainable Business Growth</td></tr><tr><td>Poh Kong Launces Gold Note and Hope Inspired by Tun Dr. Mahathir Bin Mohamad</td></tr><tr><td>District 102, Division D Humorous Speech &amp; Evaluation Contests</td></tr><tr><td>Dato' Ismail bin Hamzah</td><td>Sustainable Investing: Non - Financial</td></tr></table>	Directors	Seminar / Conference / Workshop	Dato' Dr. Choong Tuck	Malaysian Institute of Accountants - Role of CFOs	Implementing The Companies Act 2016 & The Malaysian Code Of Corporate Governance 2017 – What Every Director Needs to Know	Taman Indrahana Toastmasters Club: International Speech & Table Topics Contests	Division D Speakers' Showcase Area D1, D2 & D3 Joint International Speech & Table Topic Contests	Poh Kong Appreciation Inquiry Workshop	Taman Indrahana Toastmasters Humorous Speech & Evaluation' Contests	District 102 Division C Joint Area C3 & C4 Humorous Speech & Evaluation Contests 2018/2019	Anti-Corruption Summit 2018 Good Governance & Integrity For Sustainable Business Growth	Poh Kong Launces Gold Note and Hope Inspired by Tun Dr. Mahathir Bin Mohamad	District 102, Division D Humorous Speech & Evaluation Contests	Dato' Ismail bin Hamzah	Sustainable Investing: Non - Financial
Directors	Seminar / Conference / Workshop															
Dato' Dr. Choong Tuck	Malaysian Institute of Accountants - Role of CFOs															
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	District 102, Division D Humorous Speech & Evaluation Contests															
Dato' Ismail bin Hamzah	Sustainable Investing: Non - Financial															

		Nuts and Bolts of Disclosure Obligations of Directors
	Datuk Wira Dr. Goy Hong Boon	Investment Conference 2018
	Chee Long Sing @ Cher Hwee Seng	KLSCCCI : “Pre-Budget Forum ~ Budget : Needs of the Country vs Needs of the People”
	Cher Sew Seng	Sustainability Engagement Series for Directors/ Chief Executive Officers
		KLSCCCI : “Pre-Budget Forum ~ Budget : Needs of the Country vs Needs of the People”
	Goh Ah Heng @ Goh Keng Chin	Where to Put Your Money in 2018 Bursa's Sustainability Reporting Workshop
		KLSCCCI : “Pre-Budget Forum ~ Budget : Needs of the Country vs Needs of the People”
	Chu Soo Meng	Bursa's Sustainability Reporting Workshop 2018 Malaysia Employment Law Seminar
KLSCCCI : “Pre-Budget Forum ~ Budget : Needs of the Country vs Needs of the People”		
Cher Lip Chun	KLSCCCI : “Pre-Budget Forum ~ Budget : Needs of the Country vs Needs of the People”	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

## Intended Outcome

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

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

## Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group had formed a Risk Management and Internal Controls Committee comprising the Managing Director, four (4) Executive Directors, Assistant General Manager, Heads of Business Divisions, Finance Manager and Human Resources Manager. The corporate management policies and framework were established and approved for implementation on 25 April 2013.</p> <p>The Group adopted an active approach in identifying, presenting and discussing potential risks by incorporating risk management as a permanent agenda item in the bi-monthly Management meetings.</p> <p>However, the contents of the discussions on risk management require improvement pertaining to identification of medium to longer-term potential risks instead of focusing on current issues.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board had disclosed the main features of the risk management framework and internal controls system in the 2018 annual report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The internal audit function was out-sourced to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional that is corporate service member of the Institute of Internal Auditors ("IIA") Malaysia. The Director in-charge of the engagement, in her capacity as the head of the internal audit function, is also an individual member of the IIA.</p> <p>On an annual basis, CGRM provided the Board with a signed declaration of competency and list of training attended by the audit engagement team. During FYE 2018, two (2) internal audit reviews were performed with reference to the Internal Standards for Professional Practice of Internal Auditing with reports prepared and presented to the Board vide the AC.</p> <p>The internal audit charter was approved by the AC in November 2015 and stipulates, amongst others, the internal auditors' role, its organisation status and reporting structure, independence and objectivity and responsibilities.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The internal audit function was outsourced to an independent, specialist internal audit professional services firm.</p> <p>The engagement team comprised of one (1) engagement director, one (1) quality control reviewer and two (2) internal auditors.</p> <p>The engagement director holds the Certified Internal Audit designation and is a Chartered Member of the Institute of Internal Auditors, USA.</p> <p>The internal audit fieldwork and reporting were carried out with reference to the International Professional Practice Framework for Internal Audit; International Standards for the Professional Practices of Internal Auditing, the IIA Code of Ethics and the COSO Framework for Internal Controls.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Annual General Meeting is being conducted annually to enable to have a face to face communication with the Board and management team. Stakeholders are encouraged to post their queries during the meeting to get first hand response from the Board.</p> <p>Also, the corporate website contained a dedicated Relations" ("IR") section which a repository with latest announcements, annual and quarterly reports, share prices, IR contact and further links to corporate information, share information, financial information and entitlements,</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company would consider adopting integrated reporting based on globally recognised framework in the near future.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The dates of notice and convening of the 19 <sup>th</sup> Annual General Meeting was 30 April 2019 (based on announcement on Bursa Malaysia website) and the Annual General Meeting will be conducted on 28 May 2019 which met the recommended requirements.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All directors attended the 18 <sup>th</sup> Annual General Meeting held on 28 May 2018.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

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

## Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The AGM of the Company is being held at location in the city area and accessible via public transport. Moving forward, the Company will consider leverage on technology to facilitate greater shareholders' participation in general meeting.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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# **SCC HOLDINGS BERHAD**

(511477-A)

(Incorporated in Malaysia)

## **APPENDIX I**

# **PROPOSED NEW CONSTITUTION OF SCC HOLDINGS BERHAD**

This is the Appendix I referred to in Agenda No. 7 of the Notice of the 19th Annual General Meeting ("AGM") of SCC Holdings Berhad dated 30 April 2019

Date and time of the AGM : Tuesday, 28 May 2019 at 2.30 p.m.

Venue of the AGM : Function Room 4, Level 2, Hotel Sri Petaling,  
No. 30, Jalan Radin Anum,  
Bandar Baru Sri Petaling,  
57000 Kuala Lumpur

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III.	The registered office of the Company shall be situated in Malaysia.	1
IV.	Subject to any Applicable Laws and the Constitution, the Company has:	1
	(a) full capacity to carry on or undertake any business activity, do any act or enter into any transaction including but not limited to investment holding and provision of management services; and	
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COMPANIES ACT 2016  
PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION  
Of  
**SCC HOLDINGS BERHAD**  
(Company No: 511477-A)

- I. **SCC Holdings Berhad (“the Company”) was incorporated in Malaysia on 17 April 2000.**
- II. **The Company is a public company limited by shares.**
- III. **The registered office of the Company shall be situated in Malaysia.**
- IV. **Subject to any Applicable Laws and the Constitution, the Company has:**
  - (a) **full capacity to carry on or undertake any business activity, do any act or enter into any transaction including but not limited to investment holding and provision of management services; and**
  - (b) **the purposes of Clause IV(a) above, full rights, powers and privileges.**
- v. **The liability of the shareholders is limited.**

**Interpretation**

**Meaning of certain words and phrases used in the Constitution**

1. **The following table gives the meaning of certain words and phrases as they are used in the Constitution. Those words and phrases are printed in bold in the Constitution. However, the meaning given in the table does not apply if that is inconsistent with the context in which a word or phrase appears.**

<b>Words</b>	<b>Meanings</b>
<b>ACE Market</b>	ACE Market of Bursa Securities or any other market of Bursa Securities on which the Company is listed at the relevant time.
<b>Applicable Laws</b>	All laws, regulations, rules, orders and/or official directions for the time being in force affecting or concerning the Company, including but not limited to CA, Securities Laws, LR and any other directives or requirements imposed on the Company by any regulatory authority or body and “Applicable Law” shall be construed accordingly.
<b>appointing director</b>	A <b>director</b> who appoints an alternate <b>director</b> under Clause 168.
<b>Auditor</b>	The <b>Company’s</b> auditor. That <b>person</b> must be an approved company auditor. Where two or more are appointed, any of them.

Words	Meanings
<b>benefits</b>	This term, when used in relation to benefits payable or to be given to <b>directors</b> , means any benefits referred to in Section 230(1) of <b>CA</b> and <b>Guidance</b> .
<b>Bursa Securities</b>	Bursa Malaysia Securities Berhad.
<b>Board</b>	The <b>Company's</b> board of directors.
<b>Business Day</b>	A day which is not a <b>public holiday</b> in the state or territory where the registered office of the <b>Company</b> is located.
<b>CA</b>	Companies Act 2016 (Act 777).
<b>CMSA</b>	Capital Markets and Services Act 2007 (Act 671).
<b>Company</b>	SCC Holdings Berhad (Company No.511477-A).
<b>Constitution</b>	This constitution of the <b>Company</b> , including, any changes made to it.
<b>convertible securities</b>	This term is used in Paragraph 1.01 of <b>LR</b> . It means <b>securities</b> which may convert or be exercised (by their terms of issue), into shares.
<b>corporation</b>	A corporate body, established anywhere.
<b>Deposited Security</b>	This term means a security, as used in Section 2 of <b>SICDA</b> , of the <b>Company</b> , as stands to the credit of a <b>securities account</b> of a <b>Depositor</b> . It covers a security which is in suspense.
<b>Deposited Share or Depository Shares</b>	A share which is a <b>Deposited Security</b> .
<b>Depositor</b>	A holder of a <b>securities account</b> .
<b>Depository</b>	This term means Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W), the depository of the <b>Company's</b> shares prescribed under Section 14 of <b>SICDA</b> . This term can also mean another depository acting as such a depository, approved to be a central depository under <b>SICDA</b> . Successors- in-title and permitted assigns are also included in this term.
<b>director</b>	Director of the <b>Company</b> and unless the context otherwise provides or requires, it shall include an alternate director.
<b>DR</b>	Rules of the Depository. It covers, the Procedural Manuals (as meant in those rules).
<b>eDividend service</b>	The <b>eDividend service</b> (electronic dividend payment) through which companies listed on <b>Bursa Securities</b> are required to pay dividends.
<b>electronic form</b>	This term covers documents or information sent or supplied by <b>electronic means</b> or by any other means while in electronic form (such as by e-mail, text message, fax or sending a compact disc by post). It also covers any electronic form referred to in Section 612(1) of <b>CA</b> and <b>Guidance</b> .

Words	Meanings
<b>electronic means</b>	A document or information is sent or supplied by electronic means if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire by radio, by optical means or by other electromagnetic means.
<b>exempt authorised nominee</b>	This term means an authorised nominee as meant nominee by <b>SICDA</b> , exempted from compliance with Section 25A(1) of <b>SICDA</b> .
<b>existing shares</b>	Shares in issue at the relevant time.
<b>General Meeting</b>	A meeting of <b>shareholders</b> held in accordance with the Constitution. This includes, any <b>General Meeting</b> held as the <b>Company's</b> Annual <b>General Meeting</b> .
<b>Guidance</b>	Any practice directive, circular, guidelines, or regulations issued under <b>CA</b> or by <b>ROC</b> .
<b>hard copy</b>	This term covers documents or information sent or supplied in paper copy or similar form which can be read. It also covers, anyhow, any hard copy referred to in Section 612(1) of <b>CA</b> and <b>Guidance</b> .
<b>Insolvency Laws</b>	Insolvency Act 1967 (Act 360) as amended or substituted from time to time.
<b>Laws</b>	<b>CA</b> , <b>SICDA</b> , and all regulations, <b>DR</b> , practice notes, practice directives and guidelines made under them.
<b>listed security or listed</b>	A <b>security</b> or <b>securities</b> of the <b>Company</b> , admitted securities to the <b>Official List</b> .
<b>LR</b>	<b>Listing Requirements</b> of the <b>ACE Market</b> . For the purpose of this <b>Constitution</b> , it also covers any practice notes or directives, guidance notes or other directions issued by <b>Bursa Securities</b> and any amendment that may be made from time to time in relation to these <b>Listing Requirements</b> .
<b>Malaysia</b>	Federation of Malaysia.
<b>Main Market</b>	<b>Main Market</b> of <b>Bursa Securities</b>
<b>market day</b>	Any day between Mondays and Fridays (inclusive) which is not a <b>public holiday</b> and on which <b>Bursa Securities</b> is open for trading in <b>securities</b> .
<b>Minister</b>	This term is as meant by Section 3 of the Interpretation Acts 1948 and 1967 (Act 388), when used in <b>CA</b> .
<b>month</b>	Calendar month.
<b>Non-Depository Shares</b>	This term is used to mean shares which are not <b>Deposited Shares</b> .
<b>officer</b>	Includes, a <b>director</b> , manager and secretary of the entity but does not include, an auditor.
<b>Official List</b>	A list specifying all <b>securities</b> listed on the <b>ACE Market</b> .

Words	Meanings
<b>ordinary business</b>	All the following business (if it takes place at an Annual <b>General Meeting</b> ): laying of audited financial statements and the reports of the <b>directors</b> and the <b>Auditor</b> ; the election of directors in place of those retiring; the appointment and the fixing of the fee and benefit of <b>directors</b> ; the appointment of the <b>Auditor</b> ; declaring and approving dividends.
<b>Ordinary Shareholders</b>	Shareholders of ordinary shares of the <b>Company</b> .
<b>pay</b>	This term, when used in relation to the payment of commission, means a payment of commission in Section 80 of <b>CA</b> . For other times, when used elsewhere, this term can cover any kind of reward or payment for services.
<b>person or people</b>	These terms cover corporate bodies and unincorporated bodies, established anywhere. They do not, however, cover unincorporated bodies, when used in relation to transfers or registration of <b>shareholders</b> which involve <b>Deposited Shares</b> and these bodies are not allowed or recognised by <b>SICDA</b> or <b>DR</b> .
<b>public holiday</b>	The meaning of this term is as meant by Section 3 of the Interpretation Acts 1948 and 1967 (Act 388). It means a public holiday established by law in <b>Malaysia</b> or any part of <b>Malaysia</b> .
<b>Registered Office</b>	The <b>Company's</b> registered office.
<b>Registrar</b>	The <b>Company's</b> share registrar.
<b>related corporations</b>	The meaning of this term is as used in Section 7 of <b>CA</b> .
<b>representative</b>	A <b>person</b> or <b>persons</b> authorised to act as representative of a <b>corporation</b> which is a <b>shareholder</b> , under Section 333 of <b>CA</b> .
<b>rights</b>	This term, when used in relation to the rights of a share means, the rights attached to the share, when issued, or afterwards.
<b>RM</b>	The lawful currency of <b>Malaysia</b> .
<b>ROC</b>	This term means " <b>Registrar</b> ", as used in Section 2 of <b>CA</b> . It means the <b>Registrar</b> designated under Subsection 20A(1) of the Companies Commission of Malaysia Act 2001 (Act 614).
<b>ROD</b>	A record of depositors of holders of <b>securities</b> of the <b>Company</b> kept by the Depository under <b>SICDA</b> and <b>DR</b> .
<b>ROM</b>	Register of members of the <b>Company</b> kept under <b>CA</b> .
<b>Seal</b>	The <b>Company's</b> common seal or <b>Securities Seal</b> . This is where the <b>Company</b> chooses to keep such a seal.
<b>Secretary</b>	A <b>person</b> appointed by the <b>Board</b> to do work as the company secretary. This includes, an assistant, deputy or temporary company secretary. Where two or more are appointed to act jointly, it includes, any one of them.
<b>securities</b>	The meaning of this term is as meant by Section 2 of <b>CMSA</b> .



Words	Meanings
<b>securities account</b>	This is an account which the <b>Depository</b> establishes for the <b>Depositor</b> under <b>SICDA</b> and <b>DR</b> . It is to record the deposit, withdrawal and dealing of <b>securities</b> .
<b>Securities Laws</b>	The meaning of this term shall have the meaning ascribed to it in the <b>Securities Commission Act 1993</b> , which shall include the <b>Securities Commission Act 1993</b> , <b>CMSA</b> , <b>SICDA</b> , <b>SICDFOR</b> and any guidelines, written notices and circulars issued by the Securities Commission of Malaysia.
<b>Securities Seal</b>	An official seal kept by the <b>Company</b> under Section 63 of <b>CA</b> .
<b>Share Scheme</b>	A scheme which involves a new issue of the <b>Company's</b> shares or grant of new or existing <b>Company's</b> shares to eligible directors and employees of the Company or its subsidiaries.
<b>shareholders</b>	Holders of the <b>Company's</b> shares. Where those shares are deposited with the Depository under <b>SICDA</b> and <b>DR</b> , it must be a person whose name appears on the <b>ROD</b> as the holder of such shares and treated as a member of the <b>Company</b> under Section 35 of <b>SICDA</b> . This is subject to <b>SICDFOR</b> and the <b>Constitution</b> . This term does not also include, the <b>Depository</b> in its capacity as a bare trustee or nominee company. Where those shares are not deposited and do not need to be deposited under <b>SICDA</b> , it must be a <b>person</b> whose name appears in the <b>ROM</b> .
<b>SICDA</b>	Securities Industry (Central Depositories) Act 1991 (Act 453).
<b>SICDFOR</b>	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996.
<b>special business</b>	All business at <b>General Meetings</b> except for <b>ordinary business</b> .
<b>UCA</b>	Unclaimed Monies Act, 1965 (Act 370).
<b>written or in writing</b>	In writing or in any way representing or copying words legibly so that they are permanent. It includes, anything in <b>electronic form</b> . It may also be partly in one form and partly in another. Where used in relation to notices of meeting, it must be in <b>hard copy</b> or <b>electronic form</b> in the way allowed by Sections 319 and 320 of <b>CA</b> , subject to <b>LR</b> . Where used in another context, it must be in a form allowed or not prohibited by <b>CA</b> or <b>LR</b> .

2. The singular includes the plural, and the other way around. When the **Constitution** refers to “they”, “their” or “them”, these terms refer to one or more **shareholders**, persons automatically entitled to a share, **directors**, or of other **persons**, as applicable. These may be individuals or some other entity.
3. The headings in the **Constitution** are not legally part of the **Constitution** and do not affect their meaning. They are only intended to be a general guide and are not precise.
4. When a **Clause** is referred to, this means a clause in the **Constitution**.
5. When the **Constitution** refers to the **Laws, SICDFOR, LR, the Insolvency Laws** or any of them or of the **Laws**, these include any changes to the **Laws, SICDFOR, LR, the Insolvency Laws** or such of them or of the **Laws** (before or after the **Constitution** is adopted) as well as their inclusion in later **Laws, SICDFOR, LR, the Insolvency Laws** or such of them or of the **Laws**. When the **Constitution** refers to **LR** applying, it means **LR** applying as long as the **Company** is listed on the **Official List** or as far as is bound by **LR**.
6. A word which is defined in **CA** means the same in the **Constitution**, unless the **Constitution** says that it means differently, or the way in which the word is used is inconsistent with the meaning in **CA**.
7. Where **CA** or the **Constitution** says that something can be done by passing an ordinary resolution, this can also be done by passing a special resolution.
8. A person who is automatically entitled to a share by law, includes, a **person** who is entitled to the share as a result of the death or bankruptcy of a **shareholder**. Where the **Constitution** refers to the registration of a **person** as a **shareholder** or the holder of a share, this means:
  - 8.1. for a **Deposited Share**, that **person** being recorded in the **ROD** as the holder of that share;
  - 8.2. for a **Non-Depository Share**, that **person** being registered in the **ROM** as the holder of that share.
9. Where the **Constitution** refers to **Non-Depository Shares**, this means that the shares can be transferred using an instrument of transfer under Section 105(1) of **CA** (rather than in accordance with Subdivision 8 of Division 1 of Part III of **CA, SICDA** and **DR**).
10. Where the **Constitution** refers to **clear days** the number of days does not include the two days between which the interval is measured. For example, if notice is required to be given a number of **clear days** before a meeting, neither the date of the notice is delivered, or treated as being delivered, nor the date of the meeting is taken into account.
11. A **debenture** includes, debenture stock and a **debenture** holder includes a debenture stockholder.
12. Where the **Constitution** refers to a document being **made effective** this means being signed, sealed or executed in some other legally valid way.
13. Where the **Constitution** refers to a **show of hands**, a **shareholder** may vote in person at a meeting (including by **electronic means** or any other method which the **Board** approve).

#### Unlimited capacity

14. The **Company** has the full rights, powers and privileges given by Section 21 of **CA**.

## How some parts of CA apply and how LR affect the Constitution

### CA

15. Some parts of **CA** only apply where the **Constitution** of a **company** do not say something else. Those parts then, do not apply to the **Constitution** as far as the **Constitution** says something else.

### LR

16. These apply while the **Company** is listed on the **Official List** or is subject to **LR**:
- 16.1. If **LR** prohibit an act, that act shall not be done notwithstanding anything contained in the **Constitution**;
  - 16.2. Nothing contained in the **Constitution** prevents an act from being done where **LR** require it to be done;
  - 16.3. If **LR** require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
  - 16.4. If **LR** require the **Constitution** to contain a provision and it does not contain such a provision, the **Constitution** shall be deemed to contain that provision;
  - 16.5. If **LR** require the **Constitution** not to contain a provision and it contains such a provision, the **Constitution** shall be deemed not to contain that provision;
  - 16.6. If any provision in the **Constitution** is or becomes inconsistent with **LR**, the **Constitution** shall be deemed not to contain that provision to the extent of the inconsistency only.

## Share and share capital

### Classes of shares

17. Where the **Company** has different classes of shares, the **Constitution** must say prominently:
- 17.1. that the **Company's** share capital is divided into different classes of shares;
  - 17.2. the voting **rights** attached to shares in each class;
  - 17.3. any other **rights** attached to those shares;
  - 17.4. any other things which Section 90 of **CA** requires.
- Section 89(2) of **CA** applies.
18. The **Constitution** must set out the **rights** of **shareholders** attached to preference shares or shares convertible into preference shares. The **rights** which must be set out include **shareholders' rights** on:
- 18.1. a repayment of capital;
  - 18.2. participation in surplus assets and profits;
  - 18.3. cumulative or non-cumulative dividends;
  - 18.4. voting;
  - 18.5. priority of payment of capital and dividend when compared to other shares or classes of preference shares.

Preference shares must give their holders the **right** to vote:

- 18.6. when any dividends remain unpaid for more than 6 months;
- 18.7. on a proposal to reduce the **Company's** share capital;
- 18.8. on a proposal to dispose of all of the **Company's** property, business and undertaking;
- 18.9. on a proposal that affects **rights** attached to the share;
- 18.10. on a proposal to wind up the **Company**; and
- 18.11. during the winding up of the **Company**.

Holders of preference shares must also be entitled to the same **rights** as a holder of an ordinary share in relation to receiving notices, reports and audited financial statements, and attending meetings. The **Company** may issue preference shares on terms that further preference shares may be issued which rank equally with or in priority to existing preference shares.

### **Liability of members**

- 19. The liability of each member is limited to the amount (if any) unpaid on the share held by that member.

### **Shares and special rights**

- 20. The parts of the **Constitution** about allotment, transfer or **person** who is automatically entitled to a share by law and all other matters which relate to shares apply to new shares in the same way as if they were **existing shares**.
- 21. The **Company** can issue new shares and attach any **rights** and restrictions to them, as long as this is not restricted by special rights previously given to holders of any **existing shares**. Subject to this, the **rights** of new shares can take priority over the **rights** of **existing shares**, or **existing shares** can take priority over them, or the new shares and the **existing shares** can rank equally. These **rights** and restrictions can apply to sharing in the **Company's** profits or assets. Other **rights** and restrictions can also apply, for example, those relating to the right to vote.
- 22. The **shareholders** can decide on the **rights** and restrictions to be attached to new shares by passing an ordinary resolution. The **Board** can also take these decisions if the **shareholders** have not passed a resolution which covers the point. However, where different classes of shares result, **Clause 17** also applies.
- 23. The **Company** may allot preference shares or convert any **existing shares** into preference shares. However, **Clause 18** then applies.

### **Changing special rights of shares**

- 24. If the **Company's** share capital is split into different classes of share, the special rights attached to any of these classes can be varied or withdrawn if the **shareholders** approve this by passing a special resolution. This must be passed at a separate meeting of the holders of that class of shares. This is called a class meeting. Alternatively, the holders of at least 75% of the **existing shares** of the class (by voting **rights**) can give their **written** consent.

- 25.** The parts of the **Constitution** which relate to **General Meeting** apply, with any necessary changes, to a class meeting, but with these adjustments:

- 25.1. a **shareholder** who is present in person or by proxy can demand a poll;
- 25.2. on a poll, the holders of shares will have one vote for every share of the class which they hold;
- 25.3. the vote will, anyhow, be by poll if **LR** require this.

This is subject to any special rights or restrictions which are attached to a class of shares by the Constitution, or any **rights** attached to shares in some other way under the **Constitution**.

A special resolution of **shareholders** of the preference capital affected is required where preference capital is to be repaid (other than redeemable preference capital or any other alteration to preference **shareholders' rights**). However, where the majority for the special resolution is not obtained at a meeting, **written** consent given by holders of at least 75% of that preference capital within **2 months** of that meeting shall be as valid and effective as a special resolution passed at a meeting.

- 26.** **Clauses** 24 and 25 also apply if:

- 26.1. special rights of shares forming part of a class are varied or withdrawn. Each part of the class which is being treated differently is viewed as a separate class in applying this **Clause**;
- 26.2. preference shares are issued which rank equally with existing preference shares. However, these **Clauses** do not apply if the terms of issue of existing preference shares or the **Constitution** allows those preference shares to be issued.

#### **More about special rights of shares**

- 27.** Unless the terms of the **existing shares** say something different, the special rights of **existing shares** are not regarded as varied or withdrawn if:

- 27.1. new shares are created, or issued, which rank equally with or after any **existing shares** in payment of dividends or sharing in profits or assets of the **Company**;
- 27.2. the **Company** purchases its own shares (this includes, purchases of any of these **existing shares**);
- 27.3. the **Company** redeems redeemable preference shares (this includes, redeeming any of these **existing shares**);
- 27.4. preference shares are issued which rank equally with or in priority to existing preference shares.

#### **Board's authority to allot shares and "equity securities"**

- 28.** Subject to Clause 29 and unless prior approval by way of resolution has been obtained, the Board shall not exercise any power –

- (a) to allot shares in the Company;
- (b) to grant rights to subscribe for shares in the Company;
- (c) to convert any security into shares in the Company;
- (d) to allot shares under an agreement or option or offer.

29. Subject to **LR**, the **Board** are authorised, without a resolution of the **Company**, to:
- 29.1. allot shares or grant any **rights** to subscribe for shares, under an offer made to **shareholders** in proportion to the **shareholders'** shareholdings;
  - 29.2. allot shares or grant any **rights** to subscribe for shares, on a bonus issue to **shareholders** in proportion to the **shareholders'** shareholdings;
  - 29.3. allot shares to a promoter of the **Company** which the promoter has agreed to take; or
  - 29.4. allot shares or grant any **rights** where shares are to be issued as consideration or part consideration for the **Company** to acquire shares or assets. **Shareholders** must be notified of the intention to issue such shares at least 14 days before their issue.
30. A resolution of the **Company** must:
- 30.1. authorise the **Board** to do any of the things in **Clause** 28 not authorised by **Clause** 29 or where **CA** or **LR** require;
  - 30.2. not authorise the **Board** to allot or issue shares or **convertible securities** beyond any applicable limit required by **LR**;
  - 30.3. approve the specific allotment to a **director** under a **Share Scheme**.
31. Subject to any direction to the contrary that may be given by the **Company** in **General Meeting**:
- 31.1. new shares or other **convertible securities** must be offered to **shareholders** who are entitled to receive notices from the **Company** of **General Meetings**;
  - 31.2. the offer must, as far as circumstances allow, be in proportion to the amount of **existing shares** or **securities** to which such **shareholders** are entitled to;
  - 31.3. the offer must be by a notice which specifies the number of shares or **securities** offered and which limits the time within which, the offer must be accepted or be treated as declined;
  - 31.4. if the offer is not accepted within such time or if such **shareholders** decline to accept the offer, the **Board** may dispose of those shares or **securities** in a way which they decide as most beneficial to the **Company**;
  - 31.5. the **Board** may also dispose of any new share or **security** which the **Board** consider cannot be conveniently offered under this **Clause** 31 on grounds of the ratio which the new shares or **securities** bear to shares or **securities** held by **shareholders** entitled to such an offer.

#### Deposited Shares and Non-Depository Shares

32. Shares prescribed under Section 14 of **SICDA** must be deposited with the **Depository** under **SICDA** and **DR**. These apply, too, to other securities prescribed in this way. All **listed securities** are prescribed. Subdivision 8 of Division 1 of Part III of **CA** (The Central Depository System- a Book-Entry or Scriptless System for the Transfer of Shares) will apply. The **Board** can treat such shares held under separate **securities accounts** which a **shareholder** holds as separate shareholdings, as far as the **Laws** and **LR** allow:
- 32.1. when shares are consolidated or divided;
  - 32.2. when deciding on entitlements of **shareholders** in dividends and other distributions (this covers a winding up of the **Company**);
  - 32.3. when deciding on entitlements of **shareholders** in rights and bonus issues and other issues of **securities**;

- 32.4. when deciding on fractions and fractional entitlements;
- 32.5. when deciding on entitlements of **shareholders** and the convenience of offering new shares or **securities** under **Clause 31**;
- 32.6. when deciding on all other matters where the **Board** think that whether or not to treat such shares in this way needs to be taken into account.

- 33.** The **Board** may terminate the services of the **Depository** in relation to **Deposited Shares** at any time in accordance with **DR**, where the **Company** has been removed from the **Official List**. All such shares will then be withdrawn from the **Depository**. Those shares shall be transferred to the **Depositors** of the shares in accordance with

Section 105(2) of **CA** and **DR**. The **Board** may appoint a **person** to sign (on behalf of the **Depositors**) any transfer or other documents needed for such transfer.

- 34.** The holders of shares withdrawn under **Clause 33** and **Non-Depository Shares** will be registered in the **ROM** as such holders.

#### **Renunciations of allotted but unissued shares**

- 35.** Where a share or other security has been allotted to a **person** but that **person** has not yet been entered on the **ROM** or **ROD**, the **Board** can recognise a transfer (called a renunciation) by that **person** of their right to the share to be renounced in favour of some other **person**. Allotments can only apply if the terms on which the share or other security is allotted are consistent with renunciation. The **Board** can impose terms and conditions regulating renunciation **rights**.

#### **Power to pay commission and brokerage**

- 36.** The **Company** can use all the powers given by **CA** to **pay** commission or brokerage to a **person** who:
- 36.1. applies, or agrees to apply, for any new shares; or
  - 36.2. gets any other **person** to apply, or agree to apply for, any new shares.

#### **Power to reduce capital**

- 37.** The **shareholders** can pass a special resolution to reduce in any way the **Company's** share capital in accordance with Subdivision 4 of Division 1 of Part III of **CA (Reduction of Share Capital)**, whether with the confirmation of the Court or a solvency statement.

#### **Power to change capital**

- 38.** The **shareholders** can pass special resolutions to alter the **Company's** share capital in accordance with Section 84 of **CA**.
- 39.** If any shares are consolidated or divided, the **Board** may deal with any fractions of shares which result or any other problem that arises. If the **Board** decide to sell any shares which represent fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among **shareholders** in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the **Board** in such a manner as they deem fit at their absolute discretion and in the best interest of the **Company**. The **Board** can sell to a **person** (including the **Company**, if **CA** and **LR** allow) and can authorise a **person** to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money **paid** is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.

40. The **shareholders** can also pass ordinary resolutions to convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Section 86 of **CA**.

### Buying back shares

41. The **Company** can use all the powers given by Section 127 of **CA** to purchase any of its own shares.
42. The **Company** has the right to:
- 42.1. distribute treasury shares as dividends to **shareholders**;
  - 42.2. resell treasury shares in accordance with **CA** and **LR**;
  - 42.3. transfer treasury shares for purposes under a **Share Scheme**;
  - 42.4. transfer treasury shares as purchase consideration;
  - 42.5. cancel treasury shares;
  - 42.6. sell, transfer or use treasury shares for purposes which the **Minister** prescribes by order;
  - 42.7. receive an allotment of shares as fully **paid** bonus shares in respect of treasury shares;
  - 42.8. subdivide treasury shares into more treasury shares or consolidate them into less treasury shares.
43. The **Company** cannot exercise any right in respect of treasury shares which it holds:
- 43.1. to attend or vote at meetings;
  - 43.2. to receive dividends or other distributions. These may be cash or the **Company's** assets (which includes, on a winding up of the **Company**).

### Share certificates

44. The **Company** shall issue share certificates to the **Depository** or its nominee in relation to **Deposited Shares** in accordance with **SICDA** and **DR**, where required. These include, jumbo certificates required under **SICDA**. A **Depositor** is not entitled to share certificates in relation to shares held by the **Depositor** deposited or required to be deposited with the **Depository**.
45. The **Company** shall issue share certificates, in relation to **Non-Depository Shares**, where a **shareholder** applies for one under Subdivision 2 of Division 1 of Part III of **CA (Share Certificate, Title, Transfer and Transmission)**. The **Company** does not have to issue more than 1 share certificate for a share, even if that share is held jointly. When the **Company** delivers a certificate to the first named joint holder of shares, this is treated as delivery to all the joint holders. The **Company** can deliver a share certificate to an agent who acts for a **person** who is buying such shares or who is being transferred such shares.
46. The **Board** can decide how share certificates are **made effective**. They can be:
- 46.1. executed under Section 66(2) and (3) of **CA**;
  - 46.2. sealed with the **Seal** or executed in any other way allowed by the **Constitution** and the **Laws**; or
  - 46.3. printed, in any way, with a copy or representation of those signatures of the **Seal**. The representation can be made or produced mechanically, electronically or in any other ways the Board approve.

A share certificate must, however, comply with **CA**, **LR**, **SICDA**, and **DR**.



47. A share certificate must state, the name of the **Company**, the class of share, the number of shares held and, if required by **CA**, a distinguishing number. It cannot be for shares of more than 1 class.
48. A **shareholder** can ask the **Company** to cancel and replace a single share certificate with 2 or more certificates, for the same total number of shares. The **Board** can require the **shareholder** to pay for the new certificates, if allowed by **CA**.
49. A **shareholder** can ask the **Company** for a new certificate if the original is:
- 49.1. worn out, damaged or defaced; or
  - 49.2. lost, stolen or destroyed.

The **Board** can require the **shareholder** to pay fees allowed by **CA**. The **Board** can also ask the **shareholder** to meet other requirements. These may include requirements in **CA**, advertisements, indemnities by the **shareholder** and other things.

### Securities transfers

50. Transfers of any **listed security** or class of **listed security** shall be by way of book entry by the **Depository** in accordance with **DR**. The **Company** shall not register or effect any transfer of **listed securities** although Sections 105, 106 and 110 of **CA** may say something else. It shall not do so despite Sections 103(1), 106 and 110 of **CA**. This does not, however, apply to a transfer of **securities** to the **Depository** or its nominee or from the **Depository** or its nominee to **Depositors** under Section 148(2) of **CA** or any transfer of **securities** under any exemption given from compliance with Section 148(1) of **CA**.
51. Where:
- 51.1. the **securities** of the **Company** are listed on another **stock exchange**; and
  - 51.2. the **Company** is exempt from complying with Section 14 of **SICDA** or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as applicable, under **DR** in respect of such securities,
- the **Company** shall, on request of a **securities** holder, allow **securities** held by that holder to be transmitted from the register of holders kept by the **Registrar** in the other stock exchange's jurisdiction, to the register of holders kept by the Registrar in **Malaysia** and the other way around. However, there must be no change in the ownership of such **securities**.
52. Transfers of **Non-Depository Shares** must be in any form which **CA** and **Guidance** require. If **CA** and **Guidance** do not require a specific form, the transfer must be in the usual standard form, or another form approved by the **Board**. A transfer must be signed, or **made effective** in some other way, by or on behalf of the **persons** making and receiving the transfer.
53. The **Depository** may refuse to transfer any **Deposited Shares** which does not comply with **SICDA** and **DR**. A **shareholder** can transfer some or all of their **Non-Depository Shares** unless the **Constitution** says something else.
54. The transfer for **Non-Depository Shares** must be delivered to the **Registered Office** or some other place which the **Board** decide. The transfer must have with it:
- 54.1. the share certificate for shares to be transferred;
  - 54.2. any other evidence which the **Board** ask for to prove that the **person** wanting to make or receive the transfer is entitled to do this; and
  - 54.3. if the transfer is executed by another **person** on behalf of the **person** making or receiving the transfer, evidence of the authority of that **person** to do so.

55. A transfer delivered under **Clause 54**:
- 55.1. cannot be in favour of more than 4 joint holders;
  - 55.2. must be properly stamped to show payment of any applicable stamp duty.
56. The **Board** can refuse to register such a transfer delivered:
- 56.1. where the transfer breaches any law or regulation or licensing or requirement (of any jurisdiction) which applies to the **Company** or any of its subsidiaries or any entity in which any of them have an interest;
  - 56.2. where the transfer is unlawful under Malaysian law; or
  - 56.3. the transfer relates to partly paid shares where a call has been made and is unpaid.
57. If the **Board** decide not to register a transfer of a share delivered under **Clause 54**, it must comply with Section 106 of **CA**.
58. If the **Company** registers a transfer delivered under **Clause 54**, it can keep the transfer. A transfer cannot be used to transfer more than 1 class of shares. Each class needs a separate transfer.
59. The **person** making a transfer of **Non-Depository Shares** will be treated as continuing to be the **shareholder** until the name of the **person** to whom a share is being transferred is entered on the **ROM** for that share.

#### People automatically entitled to shares by law (Transmission of shares)

60. If a **shareholder** who is a joint **shareholder** dies, the remaining joint **shareholder** or **shareholders** will be the only **people** which the **Company** will recognise as being entitled to their shares.
61. When a sole **shareholder** (or a **shareholder** who is the last survivor of joint **shareholders**) dies, their legal personal representatives will be the only **people** which the **Company** will recognise as being entitled to their shares.
62. **Clauses 60 and 61** are subject to **SICDA** and **DR**, where the shares are **Deposited Shares**.
63. A **person** who becomes automatically entitled to a share by law can either be registered as the **shareholder** or can select some other **person** to have the share transferred to. The automatically entitled **person** must provide evidence of their entitlement as the **Board** reasonably require. Where the shares are **Deposited Shares**, any registration as the **shareholder** or transfer to some other **person** must also comply with the **Laws**.
64. If a **person** who is automatically entitled to a share by law wants to be registered as a **shareholder**, they must deliver a **written** notice to the **Company** saying that they have made this decision. The notice must be in the form which the **Board** require. If the share is a **Deposited Share**, the notice must also be given to the **Depository**. That **person** must also comply with what the **Laws** require for registration of a Deposited Share. If the share is a **Non-Depository Share**, that person must comply with the requirements of the **Constitution** about transfers of **Non-Depository Shares** and their registration. The **Board** have the same power to refuse to register (in relation to **Non-Depository Shares**) the automatically entitled **person** as they would have had in deciding whether to register a transfer by the **person** who was previously entitled to the **Non-Depository Shares**.
65. If a **person** who is automatically entitled to a share by law wants the share to be transferred to another **person**, they must do this for:
- 65.1. a **Deposited Share**, in accordance with the requirements of the **Constitution** and the **Laws**; and
  - 65.2. a **Non-Depository Share**, by signing a transfer to the **person** they have selected and comply with the other requirements of the **Constitution** about transfers of **Non-Depository Shares** and their registration.

66. The **Board** have the same power to refuse to register (in relation to **Non-Depository Shares**) the **person** selected as they would have had in deciding whether to register a transfer by the **person** who was previously entitled to the shares.
67. A **person** who is automatically entitled to a share by law is entitled to any dividends or other money or distributions or entitlements relating to the share, even though they are not registered as the holder of that share, on supplying to the **Company** evidence the Board reasonably require to show their title to the share. However, the **Board** can send a **written** notice to the **person** saying that the **person** must either be registered as the holder of the share or transfer the share to some other **person**. If the automatically entitled person does not do this within 90 days of the notice, the **Board** can withhold all dividends or other money or distributions or entitlements relating to the share until they do. The **Board** may treat these dividends or other money or distributions or entitlements in the same way as unclaimed dividends and other money is treated in the **Constitution**.
68. Unless registered as the holder of the share, the **person** automatically entitled to a share by law cannot:
- 68.1. receive notices of **shareholders' meetings**, or attend or vote at these meetings; or
- 68.2. exercise any other right of a **shareholder** in relation to any of these meetings,
- unless the **Board** decide to allow this.

#### Calls on shares

69. The **Board** may, decide to make calls on **shareholder** in relation to money unpaid on their shares. Any call must comply with the terms of issue of those shares. A **shareholder** must pay the amount of each call in the way and at the time and place the **Board** decide. Calls may be made payable by instalments. Section 82(3) of **CA** shall not apply. **LR** applies, as required.
70. A call is treated as made when the **Board** resolution authorising the call is passed. The call may be revoked by the **Board** at any time before the date on which payment of the call is due.
71. If any amount (or part of it) payable on a call is not paid by the due date:
- 71.1. the **shareholder**, required to pay that amount, shall pay interest on the unpaid amount from the due date to the date of payment. The **Board** shall decide, from time to time, on the rate of interest, which must not exceed the cap imposed by Section 82(7) of **CA**. The **Board** may waive all or any of the interest paid or payable;
- 71.2. the **shareholder** shall not be entitled, in relation to a share held by that **shareholder**, to vote in **person** (including, by a representative) or by proxy at a **General Meeting** or any meeting of a class of **shareholders** or to exercise any other **rights** given to a **shareholder** of such a share, if any call or other amount payable to the **Company** remains unpaid. The **Board** may waive all or any of these restrictions.
72. An instalment shall be payable without the **Board** making a call and a notice of call being given where the terms of an issue of shares require payment on a fixed date. The provisions of the non-payment of calls, restrictions on voting and other **shareholder rights** in relation to non-payment of calls and other amounts and liens or charges apply to the instalments and the shares which relate to them.
73. The **Board** may decide to receive from a **shareholder** all or any money unpaid on all or any shares held by them beyond the amounts actually called up and due and payable, as a loan repayable or as a payment in advance of calls. The **Board** may decide to pay interest on the money advanced, the rate and terms to be as agreed by the **Board** and that **shareholder**. Capital paid on shares in advance of calls shall not, while carrying interest, give a right to participate in profits.

74. A call is not invalid just because a notice of call is not received or that notice is accidentally not given.
75. The joint holders of a share are jointly and severally liable to pay all calls and interest which arises from late or non-payment.

### Forfeiture

76. If a **shareholder** fails to pay any call or instalment of a call (this covers amounts payable by the terms of issue of a share as at a fixed date) by the day for payment, the **Board** may give a notice to the shareholder on forfeiture of the shares which relate to that call or instalment. That notice shall:
- 76.1. require that **shareholder** to pay the call or instalment and any interest payable and expenses of the **Company** which arise from the non-payment;
- 76.2. give a date by which payment is to be made; and
- 76.3. say that if payment is not made by that date, the shares which relate to that call or instalment are liable to be forfeited.

The notice may be given at any time while any call, instalment or other payments referred to in this **Clause** 76 remain unpaid.

77. If the **shareholder** does not comply with the notice given under **Clause** 74, any shares which relate to the notice may be forfeited by resolution of the **Board** passed at any time after the time given in the notice of payment. The forfeiture includes, all dividends, interest and other money payable by the **Company** in relation to the forfeited shares and not actually paid before the forfeiture. They shall no longer be a **shareholder** in relation to those shares but remain liable to pay all money payable by them at the date of forfeiture which relates to the shares together with interest and expenses under Section 83(6) of **CA**. The **Board** may enforce the payment or waive all or any of such money paid or payable. A statutory declaration given under Section 83(7) of **CA** is conclusive evidence of the facts stated in the declaration against all **persons** claiming to be entitled to the share.
78. When a share is forfeited, notice of the resolution of the **Board** shall be given to the **shareholder** in whose name it stood immediately before the forfeiture. An entry of the forfeiture and date of forfeiture is to be made in the **ROM** if the share is a **Non-Depository Share**. If a **Deposited Share**, the requirements of the **Laws** must be complied with. The forfeiture is not invalidated by any failure to comply with anything in this **Clause** 78.
79. The **Board** may sell or dispose of the forfeited shares on such terms and in such a way as they decide. The net proceeds of any sale or disposal are to be applied:
- 79.1. first, in payment of the expenses in relation to the forfeiture and the sale or disposal;
- 79.2. next, to pay any unpaid calls, instalments and interest which relate to the forfeited shares;
- 79.3. and the remainder (if any) paid to or at the direction of, the **person** registered as the holder of the shares immediately before the sale or disposal or to the person's executors, administrators or assigns on the production of any evidence as to title as the **Board** decide.

The **Board** may cancel the forfeiture of any share at any time before the sale or disposal of the forfeited shares.

80. A **person** who acquires a forfeited share under **Clause** 77 shall be entered in the **ROM** as a **shareholder**, if a **Non-Depository Share** or be recorded as a **shareholder** in accordance with the **Laws**, if a **Deposited Share**. That **person's** title to that share shall not be affected by any irregularity or invalidity in the proceedings which relate to the share's forfeiture, sale or disposal.

## Lien

81. The **Company** has a first and paramount lien on every share (not being a fully paid share) for unpaid calls, instalments upon the specific shares in respect of which such moneys are due and unpaid, interest due in relation to any calls or instalments and any amounts the **Company** is required by law to pay on the share and has paid in respect of the shares of the **shareholder** or deceased **shareholder**. The lien extends to the proceeds of sale of the share and to all dividends and bonuses declared in relation to the share. However, if the **Company** registers a transfer of any share on which it has a lien without giving the transferee notice of any claim it may have at that time, the share is discharged from the lien of the **Company** in respect of that claim. This does not apply to transfers of **Deposited Shares** under the **Laws** except where **LR** say something else.
82. The **Board** may, in enforcing the lien, sell or dispose of the shares which are subject to the lien (and in respect of which an amount is due to the **Company** but unpaid) on terms and in a way as the **Board** decide, with or without giving any notice to the **shareholder** in whose name the shares are registered.
83. When selling or disposing shares to enforce a lien, an entry in the **Board's** minutes book that the shares have been sold in accordance with the **Constitution** is sufficient evidence of that fact as against all **persons** entitled to the shares immediately before the sale of the shares. The **Company** may receive the purchase money or consideration (if any) given for the shares on any sale. A certificate signed by a **director** or the **Secretary** to the effect that the shares have been sold or disposed of to enforce a lien and the receipt of the **Company** for the price of the shares constitutes a good title to them. The **Board** may appoint a **person** to sign any transfer or other documents needed to effect the sale or disposal.
84. The **person** to whom the shares are sold or disposed of, shall, on issue of the receipt or the transfer being signed or effected in some other way for that **person** to be registered as the holder of the shares, be discharged from all calls or other money due in relation to the shares before the sale or disposal. That **person's** title to that share shall not be affected by any irregularity or invalidity in the proceedings which relate to the enforcement of the lien, sale or disposal.
85. The net proceeds of any sale or disposal are to be applied:
- 85.1. first, in payment of the expenses in relation to the enforcement of the lien and the sale or disposal;
  - 85.2. next, to pay the amount in relation to which the lien exists as is then payable to the **Company** (this includes, interest);
  - 85.3. and the remainder (if any) paid to or at the direction of, the **person** registered as the holder of the shares immediately before the sale or disposal or to the **person's** executors, administrators or assigns on the production of any evidence as to title as the **Board** decide or as that **person** directs.

## No trusts or similar interests recognised

86. The **Company** will only be affected by, or recognise, a current and absolute right to whole shares. The fact that all or any part of a share may not be owned outright by the **person** registered as its holder is not of concern to the **Company**, for example, if a share is held on any kind of trust, this applies even if the **Company** knows about the ownership of the share.
87. The only exceptions are any **rights**:
- 87.1. expressly given by the **Constitution**; or
  - 87.2. which the **Company** has a legal duty to recognise.
88. The **Company** may give consents in relation to Section 110(2) and (3) of **CA**.

## Untraced shareholders and unclaimed moneys

89. The **Company** may transfer shares of a **shareholder** to the **Minister** charged with responsibility for finance in accordance with Section 583 of CA. Any transfer of **Deposited Shares** must also comply with **SICDA** and **DR**. The **Board** may appoint a **person** to sign (on behalf of such **shareholder**) any transfer or other documents needed for this transfer to the **Minister**.
90. The **Company** may exercise all its **rights** and duties under **UCA** in relation to a share. These include, dividends and other money payable and all other things related to that share, as far as **UCA** covers.

## General Meetings

### Annual General Meetings

91. The **Company** must hold an Annual **General Meeting in every calendar year**, in addition to any other **General Meetings** which are held in the year. The notice calling the meeting must state that the meeting is the Annual **General Meeting**. The **Company** must hold an Annual **General Meeting** within 6 months of the **Company's** financial year end and not more than 15 months after the last Annual **General Meeting**. However, an Annual **General Meeting** may be held later than this if allowed by **CA**. The Board will decide when and where to hold the Annual **General Meeting**.

## General Meetings

92. The **Board** can decide to call a **General Meeting** at any time. The **Board** shall also call a **General Meeting** where **CA** requires. Any shareholder(s) holding at least 10% of the issued share capital of the **Company** may also call a **General Meeting**.

## Notice of General Meetings

93. At least 21 **clear days' written** notice must be given for every Annual **General Meeting**. For every other **General Meeting**, at least 14 **clear days' written** notice must be given. If a special resolution is proposed for that **General Meeting**, at least 21 **clear days' written** notice must be given. If special notice of an intention to move a resolution is required under **CA**, those requirements must also be complied with. A notice called to consider **special business** must be accompanied by a statement regarding the effect of any resolution in respect of such **special business**.
94. A notice of meeting must state:
- 94.1. where the meeting is to be held (this includes, other places and means for simultaneous attendance and participation decided by the **Board** under **Clause** 106.2);
  - 94.2. the date and time of the meeting;
  - 94.3. the general nature of any business to be dealt with at the meeting;
  - 94.4. whether a resolution will be proposed as an ordinary resolution or as a special resolution; and
  - 94.5. that a **shareholder** who can attend, participate, speak and vote can appoint 1 or more proxies (who need not be **shareholders**) to attend, participate, speak and vote for them but where that **shareholder** appoints more than 1 proxy, they must specify the proportion of their shareholdings represented by each proxy; the notice must specify any limit imposed on the number of proxies which may be appointed, under the **Constitution**, where this is allowed by **CA**.

95. Notices of meetings must be given to the **shareholders** and **persons** automatically entitled to a share by law who has provided evidence of their entitlement as required by **Clause 63**. However:
- 95.1. for shareholders of **Deposited Shares**, only people who are entered in the **ROD** requested by the **Company** from the **Depository**, under the **Constitution**, for purposes of giving notice of that meeting, are entitled to receive the notice;
- 95.2. for **shareholders** of **Non-Depository Shares**, the **Board** can decide that only people who are entered in the **ROM** at the close of business on a particular day are entitled to receive the notice. The **Board** can choose that day so long as the **ROM** is closed, as needed, in accordance with Section 55 of **CA**.

The **Company**, where it has **Deposited Shares**, shall request the **Depository** in accordance with **DR**, to issue the **ROD** to whom the notice is to be given.

Notice must also be given in writing to the **Auditor**, the **Board**, **Bursa Securities** (so long as the **Company** is listed on the **Official List**) and any other stock exchange on which the **Company** is listed. Notices of meetings must also be advertised in at least 1 nationally circulated daily newspaper (in **Malaysia**) in **Bahasa Malaysia** or English at least 21 **clear days** (where an Annual **General Meeting** or a special resolution is proposed) or 14 **clear days** (where some other **General Meeting**). No advertisement is needed if the **Company** is no longer listed on the **Official List**.

## Proceedings at General Meetings

### Chairman of meetings

96. The chairman of the **Board** will be the chairman at every **General Meeting**.
97. If the **Company** does not have a chairman, or if the chairman is not present, willing and able to chair the meeting, the deputy chairman will chair the meeting.
98. If the **Company** does not have a chairman or a deputy chairman, or if neither the chairman nor the deputy chairman is present, willing and able to chair the meeting, after waiting 15 minutes from the time that the meeting is due to start, the **directors** who are present will choose one of the **directors** to act as chairman. If there is only 1 **director** present, that **director**, if willing, will be chairman. If no **director** is present and willing, the **Secretary**, if present and willing, will be chairman.
99. If there is no director or **Secretary** present, willing and able to chair the meeting, after waiting 15 minutes from the time that the meeting is due to start, the **shareholders** and proxies who are present and entitled to vote will pass an ordinary resolution to elect a shareholder or proxy to act as chairman.
100. Nothing in the **Constitution** is intended to restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.
101. The decision of the chairman on points of order, matters of procedure or arising incidentally out of the business of a **General Meeting** is conclusive, as is the chairman's decision, acting in good faith, on whether a point or matter is of this nature.

### Security and other arrangements at meetings

102. The chairman of a meeting can take any action they consider appropriate:
- 102.1. for proper and orderly conduct at a **General Meeting**. This may include, demanding that debate or discussion on any business, question, motion or resolution being ended or that the business, question, motion or resolution be put to a vote of the shareholders; or
- 102.2. so that the meeting reflects the wishes of the majority.

103. The **Board** can ask **shareholders** or proxies wanting to attend a **General Meeting** to submit to searches or other security arrangements which the **Board** decide. The **Board** can, in their discretion, refuse entry to, or remove from, a **General Meeting**, a **shareholder** or proxy who does not submit to those searches or comply with those security arrangements. Security arrangements may include, **shareholders** or proxies not being allowed into a **General Meeting** with recording or broadcasting devices or an article which the chairman of the meeting or the **Secretary** considers to be dangerous, offensive, or liable to cause disruption.

### Meeting in different places

104. Subject to **CA** and the rest of the **Constitution**, every **shareholder** can attend a **General Meeting** in person or by proxy. Where the **General Meeting** is to be held at more than one place, a **shareholder** or proxy who is unable to attend at one place can attend and participate at another place.
105. The **Board** can make arrangements to:
- 105.1. regulate attendance at a place where a **General Meeting** (or adjournment) is to be held;
  - 105.2. enable attendance at that meeting (or adjournment); and can change those arrangements at any time.
106. In the case of a **General Meeting** to which these arrangements apply, the **Board** can, when specifying the place of the meeting:
- 106.1. direct that the meeting will be held at a place identified in the notice at which the chairman of the meeting will attend (the '**Main Meeting Place**'); and
  - 106.2. make arrangements for simultaneous attendance and participation at other places (whether by **electronic means** or otherwise) by **shareholders** and proxies entitled to attend the meeting or who want to attend at one of the other places.
- The notice of meeting does not have to give details of any arrangements under this **Clause** 106 except for any which **Clause** 94 requires.
107. Subject to **Clause** 106.1, arrangements for simultaneous attendance can include arrangements for regulating the number of people attending at any other places.
108. In the **Constitution** (unless the context requires otherwise) the shareholders will be treated as meeting in the **Main Meeting Place**.
109. The **Board's** powers and discretions under **Clauses** 106 to 108 are delegated to the chairman at a **General Meeting**.

### Quorum

110. Before a **General Meeting** starts any business, there must be a quorum present. Two shareholders personally present at the meeting or by proxy shall be a quorum. They can be **shareholders** (including, any **representative**) or proxies or a combination of both.
111. This **Clause** 111 applies if a quorum is not present within 30 minutes after the time fixed for a **General Meeting** to start or within any longer period which the chairman decides. If the meeting was called by **shareholders**, it is cancelled. Any other meeting is adjourned to any date, time and place stated in the notice of meeting. If the notice does not provide for this, the meeting is adjourned to a date, time and place decided by the chairman.



## Adjourning meetings

- 112.** The chairman of a meeting can adjourn the meeting, before or after it has started, if the chairman considers that:
- 112.1. there is not enough room for the number of **shareholders** and proxies who want to attend the meeting;
  - 112.2. the behaviour of anyone present prevents, or is likely to prevent, the business of the meeting being carried out in an orderly way; or
  - 112.3. an adjournment is necessary for any other reason, so that the business of the meeting can be properly carried out.
- The chairman can adjourn the meeting for any of these reasons to a date, time and place which the chairman decides, or indefinitely. The chairman does not need the consent of the meeting to do this.
- 113.** The chairman of a meeting can adjourn a meeting which has a quorum present if the meeting agrees. The chairman may adjourn the meeting if the meeting directs this. The adjournment can be to a date, time and place which the chairman decides, or indefinitely.
- 114.** If a meeting is adjourned indefinitely, the **Board** will decide the date, time and place of the adjourned meeting. Meetings can be adjourned more than once.
- 115.** If a meeting is adjourned for 30 days or more, a notice of the adjourned meeting must be given in the same way as with the original meeting. If a meeting is adjourned for less than 30 days, there is no need to give notice of the adjourned meeting, or of the business to be considered there.
- 116.** A reconvened meeting can only deal with business that could have been dealt with at the meeting which was adjourned.

## Amending resolutions

- 117.** The chairman can propose amendments to an ordinary or special resolution if they are amendments to correct typographical errors in the resolution.
- 118.** Save for as disclosed in Clause 117, no other amendments can be proposed to a special resolution.
- 119.** Amendments to an ordinary resolution which are within the scope of the resolution can be proposed if **written** notice of the proposed amendment is received at the **Registered Office** addressed to the **Secretary** at least 3 **clear Business Days** before the day fixed for the meeting or adjourned meeting.
- 120.** If the chairman, acting in good faith, rules an amendment out of order, an error in that ruling will not affect the validity of a vote on the original resolution.

## Voting at General Meetings

### How votes are taken

- 121.** If a resolution is put to the vote at a **General Meeting**, it will be decided by a **show of hands**, unless a poll is demanded as soon as, or before, the result of the **show of hands** is declared by the chairman. A poll can be demanded by:
- 121.1. the chairman of the meeting;
  - 121.2. at least 3 **shareholders** present in person or by proxy;

- 121.3. any **shareholder** present in **person** or by proxy and representing at least 10% of the total voting **rights** of all the **shareholders** who have the right to vote at the meeting (excluding, any voting **rights** attached to shares held as treasury shares); or
- 121.4. a **shareholder** who hold shares in the **Company** conferring a **right** to vote at the meeting being shares on which an aggregate sum has been paid up equal to at least 10% of the total paid up shares conferring that right (excluding, shares with that right held as treasury shares).

The chairman of the meeting can also demand a poll before all, some or any of the resolutions are put to the vote on a **show of hands**. If **LR** or **Bursa Securities** or any part of regulations requires that a poll be taken in relation to any resolution or that all resolutions at a meeting be by way of poll, that resolution or those resolutions will be decided by a poll. The chairman shall demand a poll when this happens.

- 122.** A demand for a poll can be withdrawn if the chairman agrees to this. However, this does not apply to a resolution which **LR** or **Bursa Securities** requires to be decided by a poll. If a poll is demanded, and this demand is then withdrawn, a declaration by the chairman of the result of a vote by a **show of hands** on that resolution, which was made before the poll was demanded, will stand.

### How polls are taken

- 123.** The chairman of the meeting can decide where, when and how a poll will be taken. The result will be treated as the decision of the meeting where the poll was demanded, even if the poll is taken after the meeting.
- 124.** The chairman can:
- 124.1. decide that a ballot, electronic voting, voting papers or tickets will be used;
  - 124.2. appoint one or more scrutineers (who need not be **shareholders**);
  - 124.3. adjourn the meeting to a date, time and place which the chairman decides for the result of the poll to be declared; or
  - 124.4. declare the result of the poll or decide how it should be declared.
- 125.** A **shareholder** can vote either in person (including, by a **representative**) or by proxy on a poll. If a **shareholder** votes on a poll, they do not have to use all of their votes or cast all their votes in the same way.

### Timing of polls

- 126.** A poll can be taken either at the meeting (or any adjourned meeting) or at any other time within 3 **months**, as the chairman directs. No notice is required for a poll taken within 30 days from the date of the meeting (or any adjourned meeting).

### Meetings continue after poll demanded

- 127.** A demand for a poll on a particular matter does not stop a meeting from continuing and dealing with other matters. The Chairman shall appoint a scrutineer to verify the votes which shall be counted by the poll administrators for the purposes of a poll, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the results of the poll.

### Effect of declaration by chairman

- 128.** The following applies when there is a vote on a **show of hands** and no poll is demanded or required to be held under the **Constitution** or a demand for a poll is withdrawn, where this can be done. Any of the following declarations about a resolution by the chairman of the meeting is conclusive proof that it has been:

128.1. passed or not passed; or

128.2. passed with a particular majority.

An entry in respect of this kind of declaration in the minutes of the meeting is also conclusive evidence of that fact. There is no need to prove the number or proportion of votes recorded for or against a resolution.

### Shareholders' voting rights

#### ROD for the meeting

- 129.** The **Company** shall request the **Depository** in accordance with **DR**, to issue the **ROD**, as at the latest date reasonably practicable, which in any event is at least 3 market days before the meeting.
- 130.** Subject to **SICDFOR**, a **Depositor** shall not be regarded as a **shareholder** entitled to attend the meeting and to attend, speak, participate and vote in it unless that **shareholder's** name appears in the **ROD** for that meeting.

#### Votes of shareholders

- 131.** Subject to **Clause** 95.1, **Clause** 129 and **Clause** 130, a **shareholder** of the **Company** shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the **Company** have been paid. Where there is a vote on a **show of hands**, a **shareholder** of ordinary or preference shares present at a meeting in person (including, by a **representative**) or by proxy has 1 vote. Where there is a poll, a **shareholder** of ordinary or preference shares present in person (including, by a **representative**) or by proxy has 1 vote for every share which they hold or represent. The same applies to other **shareholders**. All of these are subject to any special rights or restrictions which are given to a class of shares or by the **Constitution**.

#### Votes of joint shareholders

- 132.** Where joint holders vote, Section 295(2) of **CA** applies.

#### Votes of shareholders who are unable to manage their affairs

- 133.** This **Clause** 133 applies where a:

133.1. **shareholder** is unable to manage their affairs; and

133.2. a court which claims jurisdiction to protect people who are unable to manage their affairs has made an order about the **shareholder**.

The **people** appointed by the court to act for the **shareholder** can vote for the **shareholder** and exercise other **rights** at **General Meetings**. This includes appointing a proxy, voting on a **show of hands** and voting on a poll. However, this only applies if any evidence which the **Board** require of their authority to do these things is delivered to the **Registered Office** or any other place the **Board** specify for delivery of proxy forms at least 48 hours before the relevant meeting (or adjourned meeting).

## Challenging votes

134. An objection to the right of a **person** to vote must be made at the meeting (or adjourned meeting) at which the vote is cast. If a vote is not disallowed at a meeting, it is valid for all purposes. An objection must be raised with the chairman of the meeting. The chairman's decision is conclusive.

## Proxies

### Appointment of proxies

135. A **shareholder** is entitled to appoint a proxy or proxies to exercise all or any of the **shareholder's rights** to attend, speak and vote at **General Meetings**. The proxy appointed shall have the same rights as the **shareholders** to speak at **General Meetings**.
136. If **CA** allows, the **Board** may, subject to **Clause** 139, limit the number of proxies which may be appointed. If a **shareholder** appoints more than 1 proxy, they must specify the proportion of the **shareholder's** shareholdings to be represented by each proxy.
137. A proxy is appointed by using a proxy form or in any other way, and subject to any terms and conditions, the **Board** decide. The **Board** can, subject to **CA**, decide that a proxy can be appointed using electronic means or by means of a website.
138. A proxy need not be a shareholder.

## Omnibus accounts

139. Where a **shareholder** is an **exempt authorised nominee** which holds ordinary shares in the **Company** for multiple beneficial owners in 1 **securities account** ("omnibus account"), there shall be no limit to the number of proxies which the **exempt authorised nominee** may appoint in respect of each omnibus account it holds.

## Form of proxy

140. A proxy form:
- 140.1. must be **in writing**; and
  - 140.2. can be in any form which the **Board** approve.
141. A proxy form given by:
- 141.1. an individual must be signed by the individual or an attorney who is authorised to act on behalf of the individual; and
  - 141.2. a **corporation** must be sealed with the **corporation's Seal** or signed by an **officer** of the **corporation** or an attorney who is authorised to act on behalf of the **corporation**.

Any signature on an appointment need not be witnessed unless the proxy form requires this.

## Receipt of proxies

142. A proxy form must be received at the place or address stated in the notice of meeting or proxy form or in any invitation contained in an **electronic form** to appoint a proxy or, if no place or address is stated, at the **Registered Office**. If the **Board** decide that a proxy can be appointed in any other way, notice of the appointment must be received as the **Board** specify. However, Section 334 of **CA** must be complied with.

**143.** Notices of appointments of proxies must be received at least:

143.1. 48 hours before the time for holding a meeting or adjourned meeting, which refers to the time as set out in the notice of meeting of when the meeting shall be held; or

143.2. 24 hours before the time a poll is taken, which refers to the time fixed by the chairman of the meeting for the purpose of taking the poll.

**Clause** 143.1 applies to a meeting or adjourned meeting where a poll is required to be taken under the **Constitution** or where a poll is to be taken. **Clause** 143.2 will not then apply.

**144.** The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the Registered Office, or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting. These documents must be received by the deadline which applies to notices of appointments of proxies under **Clause** 143, failing which, the proxy form shall not be treated as valid.

**145.** The **Board** can, subject to **CA** and **LR**, make rules for the deposit of proxies in electronic form.

**146.** If **Clauses** 140 to 145 are not complied with, the proxy will not be able to act for the **person** who appointed them.

**147.** If a proxy has been properly appointed for a meeting or adjourned meeting, the proxy does not need to be appointed again for the adjourned meeting which the appointment covers. A proxy form will be valid for any adjournment of the meeting or meetings to which it relates and for any vote on a **show of hands** or any poll demanded at that meeting or adjourned meeting.

**148.** If more than 1 proxy is appointed in respect of the same share to act at the same meeting, only the last appointment received will be treated as valid (regardless of when it was signed or by what means it was submitted). If the **Company** does not know which the last appointment is, the **Company** can decide which appointment to treat as valid or whether any of them are valid and its decision will be conclusive.

**149.** A **shareholder** (including, by a **representative**) can attend, participate, vote and speak at a **General Meeting** or on a poll even if they have appointed a proxy to attend, participate, vote and speak at that meeting or on that poll. However, the appointment of the proxy will be treated as terminated once that **shareholder** attends that meeting.

### Termination of proxies

**150.** A vote cast by a proxy in the way authorised by their appointment and a demand for a poll made by a proxy will be valid even though the shareholder who appointed the proxy has:

150.1. died or is unable to manage their affairs;

150.2. terminated the appointment; or

150.3. terminated the authority of the **person** who made the appointment.

However, this does not apply if written notice of any of these events has been received in any way specified for the appointment of proxies within the time periods specified in **Clause** 143.

**151.** A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal, revocation of the proxy or of the authority under which the proxy is given or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation of transfer as aforesaid has been received by the Company at its Registered Office before the commencement of the meeting or adjourned meeting at which the instrument is used.

## Company representatives

### Appointment of company representatives

152. A **corporation** which is a **shareholder** can, by resolution of its **directors** or other governing body, authorise a **person** or several **people** to act as its representative or **representatives** at a **General Meeting** in accordance with Section 333 of **CA**.

## Directors

153. There must be at least 2 but not more than 12 **directors**. The **shareholders** can vary this minimum (which must be at least 2) and/or decide or vary a maximum number of **directors** by passing an ordinary resolution.
154. A **director** need not be a **shareholder**. A **director** who is not a **shareholder** is still entitled to receive notice of and attend and speak at **shareholders' meetings**.

### Appointment and removal of directors

155. Only the following people can be elected as **directors** at a **General Meeting**:
- 155.1. a **director** who is retiring at the meeting;
  - 155.2. a **person** who is recommended by the **Board** for election and **Clause** 155.3 is complied with except that the notice to be delivered to the **Registered Office** requires only 9 **clear days** instead of 11 **clear days**; and
  - 155.3. a **person** who has been proposed in the following way. A **shareholder** who is entitled to attend and vote at the meeting (other than the proposed **director**) and who intends to propose a **person** to be a **director**, must deliver to the **Company** a notice **in writing**, signed by the **shareholder**. The notice must be signed by the proposed **director**, consenting to nomination and signifying his candidature for the office or stating the intention of such **shareholder** to propose the proposed **director** for election. This notice must also state whether the proposed **director** is an additional **director** or to replace a **director** and be delivered not less than 11 **clear days** before the date of the meeting.
  - 155.4. Notice of each and every candidature must be given to the **shareholders** at least 7 days before the date of the meeting. Any proposal by such shareholder to elect a **person** to replace a **director** is subject to **Clause** 159.

### Filling vacancies and appointing or electing additional directors

156. The **Board** can appoint a **person** as an additional **director** or as a replacement for another **director**. A **director** appointed in this way automatically retires at the next Annual **General Meeting** after their appointment in accordance with **Clause** 165 unless elected or re-elected at that Annual **General Meeting**.
157. Subject to **Clause** 155, the **shareholders** can elect a **person** proposed as an additional **director** or to replace another **director** by passing an ordinary resolution.
158. Additional **directors** can only be appointed or elected under **Clauses** 156 to 158 within any maximum number of **directors** which applies under **Clause** 153 (including any variation of that maximum approved by an ordinary resolution of **shareholders**).

### Removing and electing directors by ordinary resolution

- 159.** The **shareholders** can pass an ordinary resolution to remove a **director** or to replace a **director** with another **person** before the **director's** time in office has ended. This applies despite anything else in the **Constitution** or in any agreement between the **Company** and the **director**. Special notice of the resolution must be given to the **Company** as required by **CA**. If a **director** is removed or replaced in this way, it will not affect any claim which the **director** has for damages for breach of any contract of service.
- 160.** A **person** proposed to be elected to replace a **director** under **Clause** 159 must comply with **Clause** 155. Subject to **Clause** 155, the **shareholders** can also elect a **person** to replace a **director** who has been removed in this way under **Clause** 159 by passing an ordinary resolution. If no **director** is elected under this **Clause**, the vacancy can be filled under **Clauses** 156 to 158.

### Electing two or more directors

- 161.** A single resolution for the election of 2 or more **directors** is void unless the **shareholders** approve the putting of the resolution in this form first by a vote taken at the **General Meeting** with no votes cast against.

### Directors can act if there are vacancies

- 162.** Even if 1 or more **director(s)** has stopped being a **director**, the remaining **director(s)** can continue to act. If the number of **director(s)** falls below the minimum which applies under **Clause** 153 (including any variation of that minimum approved by an ordinary resolution of **shareholders**), the remaining **director(s)** can only:
- 162.1. appoint further **director(s)** to make up the shortfall;
  - 162.2. convene a **General Meeting**; and
  - 162.3. in the meantime, perform duties to meet emergencies.
- 163.** If no **director(s)** are willing or able to act under **Clause** 162, any 2 **shareholders** can call a **General Meeting** to elect **director(s)**, provided that, if no **directors** are able to act because all of the resolutions for election or annual re-election of the **directors** are put to the Annual **General Meeting** and lost, the retiring **directors** who stood for election or re-election at that Annual **General Meeting** will be treated as being elected or re-elected (as the case may be) and will continue as **directors**. In these circumstances, the **directors** can only:
- 163.1. convene a **General Meeting** in accordance with **Clause** 164; and
  - 163.2. in the meantime, perform duties to meet emergencies.
- 164.** In the circumstances set out in **Clause** 163, the **directors** will convene another **General Meeting** as soon as reasonably practicable following the Annual **General Meeting** referred to in that **Clause** and retire from office at that **General Meeting**. If at the end of that **General Meeting** the number of **director(s)** still falls below the minimum which applies under **Clause** 153 (including any variation of that minimum approved by an ordinary resolution of **shareholders**) the provision of **Clause** 164 will apply again to the **General Meeting**.

## Retirement of directors

### Annual retirement of directors

- 165.** At every Annual **General Meeting**, 1/3 of the **directors** at the date of the notice convening the Annual **General Meeting** will retire from office unless elected or re-elected at the Annual **General Meeting**. The **directors** retiring will be those longest in office since their last election. If **directors** were elected on the same day, the **directors** to retire will either be as agreed between those **directors** or by lot. If the total number of the **directors** is not 3 or a multiple of it, the number nearest to 1/3 will retire. If the first annual **General Meeting** had not yet been held when the **Constitution** was adopted, all the **directors** will retire at that first meeting. All the **Directors** shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring **director** shall be eligible for re-election and shall retain office until the close of the meeting at which he retires.

### Re-electing directors who retire

- 166.** At each Annual **General Meeting** at which the **directors** retire in accordance with **Clause** 165 the **shareholders** can pass an ordinary resolution to re-elect each **director** or, if **Clause** 155 has been complied with, to elect some other eligible **person** in the **director's** place.

Subject to the passing of an ordinary resolution, the retiring **director** is treated as re-elected unless:

- 166.1. the meeting expressly resolves not to elect a **director** to fill the vacancy;
- 166.2. the **director** has told the **Company in writing** that the **director** does not want to be re-elected;
- 166.3. a resolution to re-elect the **director** is put to the meeting and lost; or
- 166.4. any maximum number of **directors** which applies under **Clause** 153 (including any variation of that maximum approved by an ordinary resolution of **shareholders**) would be exceeded.

### When a director retires

- 167.** A **director** retiring at a **General Meeting** retires at the end of that meeting or (if earlier) when a resolution is passed to elect another **person** in the **director's** place or when a resolution to re-elect the **director** is put to the meeting and lost. Where a retiring **director** is re-elected (or treated as re-elected under **Clauses** 163 or 166) the retiring **director** continues as a **director** without a break.

### Alternate director

- 168.** A **director** may by **written** notice to the **Company** appoint an alternate **director**. However, a majority of the **Board** must approve this and the alternate **director** must not be an existing **director** and does not act as an alternate for more than one **director** of the **Company**. The **appointing director** may remove an alternate director by **written** notice to the **Company**.
- 169.** An alternate **director's** appointment ends when the **appointing director** ceases to be a **director**.
- 170.** An alternate **director** is entitled to receive notices of all meetings of the **Board** and to attend, speak and vote at any of these meetings where the **appointing director** is not present. Subject to this and other parts of the **Constitution** which say or intend something else, terms and conditions and provisions of the **Constitution** which apply to **directors** also apply to an alternate **director**.



171. The minimum or maximum number of **directors** does not include an alternate **director**. However, an alternate **director** is counted in the quorum for meetings of the **Board** where the **appointing director** is not present.
172. An **appointing director** is not liable for the acts and defaults of an alternate **director**.

### Directors ceasing to be a director

173. A **director** automatically ceases to be a director if:
- 173.1. the **director** ceases to be a **director** under CA or is removed from office under the **Constitution**;
  - 173.2. the **director** is prohibited from being a director under CA;
  - 173.3. the **director** becomes bankrupt;
  - 173.4. the **director** makes (as far as such provisions exist in the **Insolvency Laws**) an arrangement or composition with the director's creditors or applies for an interim order under the **Insolvency Laws** in connection with a voluntary arrangement under the **Insolvency Laws**;
  - 173.5. the **director** becomes unable to manage their affairs and a court which claims jurisdiction to protect **people** who are unable to manage their affairs has made an order detaining the **director** or appointing a **person** to manage the director's property or affairs or becomes of unsound mind;
  - 173.6. the **director** is absent from 50% of the total Board's meetings held during a financial year unless approval is sought and obtained from Bursa Securities;
  - 173.7. the **director's** contract expires or is terminated for any reason and is not renewed or replaced within 14 days.
174. If a **director** ceases to be a **director**, the **director** automatically ceases to be a member of any **Board** committee or sub-committee.

### Remuneration of directors

#### Directors' fees

175. The fees payable to the **Directors** shall from time to time be determined by an ordinary resolution of the **Company** in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree provided always that:
- (a) salaries payable to executive **Directors** may not include a commission on or percentage of turnover;
  - (b) fees payable to non-executive **Directors** shall be a fixed sum and not by a commission on or percentage of profits or turnover;
  - (c) any fee paid to an alternate **Director** shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the later; and
  - (d) fees payable to **Directors** shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

### Directors' expenses

**176.** The **Board** can also repay to a **director** all expenses properly incurred in:

176.1. attending and returning from **shareholders' meetings, Board** meetings or Board committee meetings; or

176.2. any other way in connection with the **Company's** business.

### Extra fees

**177.** The **Board** can award extra fees to a **director** who:

177.1. holds an executive position;

177.2. acts as chairman or deputy chairman;

177.3. serves on a **Board** committee or board at the request of the Board; or

177.4. performs any other services which the **Board** consider extends beyond the ordinary duties of a **director**.

**178.** If by arrangement with the **Directors**, any **Director** shall perform or render any special duties or services outside his ordinary duties as a **Director** in particular without limiting to the generality of the foregoing if any **Director** being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the **Company** or in giving special attention to the business of the **Company** as a member of a committee of **Directors**, the Company may remunerate the **Director** so doing a special remuneration in addition to his Directors' Fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

### Pensions and other benefits

**179.** Subject to **LR**, the **Board** can decide whether to provide:

179.1. pensions;

179.2. annual payments; or

179.3. other allowances or **benefits**,

to any **people** including **people** who are or who were **directors** of the **Company**. The **Board** can decide to extend these arrangements to relations or dependants of, or people connected to, these **people**. The **Board** can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.

**180.** The **Company** can only provide pensions and other similar **benefits** to:

180.1. **people** who are or were **directors**; and

180.2. relations or dependants of, or **people** connected to, those **directors** or former directors,

The receipt of a benefit of any kind given in accordance with this **Clause** does not prevent a **person** from being or becoming a **director** of the **Company**.

**181.** **Shareholders** must approve the matters in **Clauses** 175 to 179 as far as the **Laws** require in relation to **directors' fees** and **benefits**.

## Board Meetings

### Board meetings

182. The **Board** can decide when and where to have meetings, how they are conducted and the quorum. They can also adjourn their meetings.

### Notice of Board meetings

183. A meeting can be called by a **director** or the **Secretary**. The **Secretary** must also call a meeting if a **director** requests this.
184. The **Board** can decide how notice of **Board** meetings is to be given and on any terms and conditions (including oral notice). Subject to this, **Board** meetings are called by delivering a **written** notice to each **director** personally or by sending it to their last known address or email address given to the **Company** for this purpose.
185. A **director** who is out of **Malaysia** is not entitled to be given notice of a **Board** meeting unless:
- 185.1. notice of a **Board** meeting is given **in writing**; and
  - 185.2. the **director** has asked the **Board in writing** to send notices of **Board** meetings during the **director's** absence to the **director's** last known address, or email address given to the **Company** for this purpose.

A **director** can waive notice of a meeting at any time, even if the meeting has already taken place.

### Chairman of Board meetings

186. The **Board** can appoint a **director** as chairman or deputy chairman for whichever periods the **Board** decide. If the chairman is at a meeting, the chairman will chair it. In the chairman's absence, the chair will be taken by the deputy chairman. If there is no chairman or deputy chairman present and willing within 10 minutes after the time when the meeting is due to start, the chair will be taken by a **director** nominated by the chairman **in writing**. If the chairman has not done this, the **directors** present can choose which one of them will be the chairman of the meeting.
187. References in the **Constitution** to "deputy chairman" include, if no one has been appointed with that specific title, a **person** appointed to a position with another title which the **Board** designate as equivalent to the position of deputy chairman.

### Quorum

188. If no other quorum is fixed by the **Board**, 2 **directors** form a quorum. A meeting at which a quorum is present can exercise all the powers and discretions of the **Board**.
189. A **director** who ceases to be a **director** at a **Board** meeting can continue to be present and act as a **director** and be counted in the quorum until the end of that Board meeting if no other **director** objects and a quorum of the **Board** would not otherwise be present.

### Voting at Board meetings

190. Matters for decision which arise at a **Board** meeting will be decided by a majority vote. If the votes are equal, the chairman of the meeting has a second casting vote. However, the chairman will not have a second casting vote where only 2 **directors** form the quorum or at which only 2 directors are competent to vote on the question at issue.

## Video conference and telephone meetings

- 191.** Any of the **directors** or members of a committee can take part in a **Board** meeting or **Board** committee meeting by way of a:

191.1. video conference or conference telephone or similar equipment designed to allow everybody to take part in the meeting; or

191.2. series of video conferences or telephone calls from the chairman of the meeting.

Taking part in this way will be treated as being present at the meeting and will be counted in a quorum. A meeting which takes place by a series of video conferences or telephone calls from the chairman will be treated as taking place where the chairman is. Otherwise meetings will be treated as taking place where the largest group of the participants is or, if there is no such group, where the chairman is, unless the **Board** decide otherwise.

## Board committees

### Delegating powers to committees

- 192.** The **Board** can delegate any of their powers or discretions to committees of one or more directors or other **people**. If the **Board** have delegated a power or discretion to a committee, any references in the **Constitution** to using that power or discretion include its use by the committee. A committee must comply with any regulations made by the **Board**. These regulations can require or allow **people** who are not **directors** to be co-opted onto the committee and can give voting rights to co-opted members. The **Board** may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.
- 193.** Unless the **Board** specifically decide not to allow this, a committee can sub-delegate powers and discretions to sub-committees or other **people**.
- 194.** References in the **Constitution** to committees include sub-committees permitted under this **Clause**.

### Proceedings of committees

- 195.** If a committee includes two or more members, the **Constitution** which regulates **Board** meetings and their procedure will also apply to committee meetings (if possible), unless these are inconsistent with any regulations for the committee which the **Board** have made under **Clauses** 192 to 194.
- 196.** A committee or sub-committee can be called a "board" or "council" or any other name the **Board** decide.

## Directors' interests

### When directors can vote

- 197.** A **director** cannot vote (and if the **director** does vote, such vote will not be counted) on a resolution about a contract in which the **director** (or a **person** connected with the **director**) is directly or indirectly interested.

198. A **director** is counted in the quorum for a **Board** meeting in relation to a resolution although the **director** is not entitled to vote.
199. A **director** is not interested in a contract where Sections 221(2) or (3) of **CA** say that they are not. This **Clause** does not affect any equitable principle or rule of law relating to directors not being treated as interested. This **Clause** is subject to **LR**.
200. This **Clause** applies if the **Board** are considering proposals to appoint two or more directors to positions with the **Company** or any **company** in which the **Company** has an interest. It also applies if the **Board** are considering fixing or varying the terms of the appointment. These proposals can be split up to deal with each proposed director separately. If this is done, each proposed **director** can vote (unless the proposed **director** is prevented from voting under **Clause** 197) and be counted in the quorum for each resolution.
201. If a question comes up at a meeting about whether a **director** (other than the chairman of the meeting) has all interest or whether the **director** can vote or be counted in the quorum, and the **director** does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the **director** is conclusive, unless the nature or extent of the **director's** interests has not been fairly disclosed to the **Board**. If the question comes up about the chairman of the meeting, the question will be decided by a resolution of the **Board**. The chairman cannot vote on the question but can be counted in the quorum. The **Board's** resolution about the chairman is conclusive, unless the nature or extent of the chairman's interests has not been disclosed to the **Board**.

#### Confidential information

202. Subject to **Clause** 203, if a **director** receives information for which the **director** owes a duty of confidentiality to a **person** other than the **Company**, and the **director** did not receive the information because of their position as a **director**, the **director** will not be required to:
- 202.1. disclose such confidential information to the **Company** or to the **Board**, or to any **director**, **officer** or employee of the **Company**; or
- 202.2. use or apply such confidential information in any other way in connection with the **director's** duties as a **director**.
203. If a duty of confidentiality arises out of a situation in which the **director** has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the **Company**, **Clause** 202 will not apply.
204. **Clauses** 202 and 203 do not affect any equitable principle or rule of law which may excuse or release the **director** from disclosing information, in circumstances where disclosure may otherwise be required under any of those **Clauses**.

#### Directors' interests - general

205. For the purposes of **Clauses** 197 to 205:
- 205.1. a reference to a contract includes a reference to an existing or proposed contract, transaction or arrangement;
- 205.2. where **LR** apply, an interest of a **person** who is connected with a **director** will be treated as an interest of the **director**; and
- 205.3. where **LR** apply, paragraph 1.01 of **LR** (person connected) will determine whether a **person** is connected with a **director**.

206. Where a **director** has an interest which it is reasonable to expect will result in a conflict of interest, the **director** can if asked to do so by the **Board** take such additional steps that are necessary or desirable to manage the conflict of interest. These steps can include complying with any procedures laid down by the **Board** to manage conflicts of interest generally, or carrying out any specific procedures approved by the **Board** for managing the situation or matter in question, including (without limitation) the **director**:
- 206.1. being absent from any **Board** meetings where the relevant situation or matter is to be considered; and
  - 206.2. not being given access to documents or information made available to the **Board** generally in relation to such situation, or arranging for the documents or information to be reviewed by a professional adviser to determine whether it is appropriate for the **director** to have access to such documents or information.
207. Subject to **CA** and **LR**, the **shareholders** can by passing an ordinary resolution ratify any contract not properly authorised by reason of breaching any of the provisions in **Clauses** 197 to 206.

### Directors' management powers

#### Management powers

208. The **Board** will manage the **Company's** business. They can use all the **Company's** powers, except where **CA**, **LR** or the **Constitution** say that powers can only be used by the **shareholders** voting to do so at a **General Meeting**. The general management powers under this **Clause** are not limited in any way by specific powers given to the **Board**.
209. The **Board's** management powers are subject to:
- 209.1. **CA** and **LR**;
  - 209.2. the **Constitution**; and
  - 209.3. any other requirements which are consistent with **CA**, **LR** and the **Constitution** and are approved by the **shareholders** passing an ordinary resolution.
210. If a change is made to the **Constitution** by way of special resolution or the **shareholders** approve a requirement relating to something which the **Board** have already done which was within their powers, that change or requirement cannot invalidate the **Board's** previous action.

### Appointing directors to executive positions

211. The **Board** can appoint one or more directors to any executive position they decide. As far as **CA** and **LR** allow, they can decide how long these appointments will be for and what their terms will be. However, salaries of **directors** holding an executive position must not include a commission or percentage of turnover. Also, a managing director or a person performing the functions of a managing **director**, by whatever name called, shall be subject to the control of the **Board**. They can also vary the terms of or end these appointments. If a **director** ceases to be a **director**, the **director** automatically ceases to hold any executive position in the **Company** unless the **Board** decides otherwise. If a **director's** appointment is varied or ends because of this **Clause**, this does not prejudice any claim against the **Company** for breach of contract.

### Delegation of powers

212. The **Board** can give a **director** or the **Secretary** any of the powers which they have jointly as the **Board**. These powers can be given on any terms and conditions the **Board** decide either in parallel with, or in place of, the powers of the **Board** acting together. These powers can include the power to sub-delegate. The **Board** can change the basis on which these powers are given or withdraw them from the **director** or **Secretary**. No **person** dealing in good faith who does not know about the change or withdrawal will be affected by it.

### Power to establish local boards and agencies

**213.** The **Board** can set up **local boards** or agencies to manage, supervise or advise on any of the **Company's** business in **Malaysia** or elsewhere. The **Board** can also appoint a **person** (who need not be a **director**) to be a:

213.1. member of a **local board**; or

213.2. manager or agent.

**214.** The **Board** can:

214.1. decide the remuneration and other **benefits** of **people** appointed under **Clauses** 213 and 214;

214.2. delegate any of the **Board's** authority, powers or discretions to a:

214.2.1. **local board**;

214.2.2. manager or agent; or

214.2.3. subsidiary undertaking of the **Company** (whether wholly-owned or not);

214.3. allow **local boards**, managers or agents, or subsidiary undertakings to delegate to another **person**;

214.4. allow members of **local boards** to fill any vacancies on their boards and to continue to act even though there are vacancies;

214.5. remove any **people** appointed under **Clause** 214 (including **people** appointed by another **person** under **Clause** 214); and

214.6. cancel or change an appointment or delegation made under **Clauses** 213 and 214 (including an appointment made by another **person** under this **Clause**), although this will not affect a **person** who acts in good faith who has not had notice of the cancellation or change.

**215.** An appointment or delegation by the **Board** which is referred to in **Clause** 214 can be on any terms and conditions the **Board** decide.

**216.** **Clauses** 213 to 215, "**local board**" means a special or local board, committee or council and includes a regional or area board or a board for a particular part of the **Company's** business.

### Power to appoint agents

**217.** The **Board** can appoint a **person** (including the members of a group which changes over time) as the **Company's** agent. The agent can either be appointed directly by the **Board**, or the **Board** can give another **person** the power to select an agent. The **Board** can decide the purposes, powers, authorities and discretions of an agent. But they cannot give an agent a power, authority or discretion which the **Board** do not have under the **Constitution**.

**218.** The **Board** can decide how long an appointment of an agent will last for and they can apply any terms and conditions to it. The appointment can include any provisions which the **Board** decide for the protection and convenience of a **person** dealing with the agent. The appointment can also allow the agent to sub-delegate all or any of their powers, authorities or discretions to any other **person**.

### Positions with titles including the word 'director'

219. The **Board** can appoint a **person** to a position having a title including the word "**director**" or give a title including the word "**director**" to an existing position and can end that appointment or the use of that title. The use of the word "**director**" in the title of a position does not imply that the holder is a **director** of the **Company** and the holder does not have the power to act as a director of the **Company** and is not treated as a **director** of the **Company** for the purposes of the **Constitution**.

### Overseas branch registers

220. The **Company** can use all the powers that **CA** gives to keep a branch register of members outside **Malaysia**. The **Board** can make and change any regulations they decide relating to this register, as long as **CA** allows this.

### Signatures on cheques etc.

221. All cheques, promissory notes, drafts, bills of exchange and other instruments (whether negotiable or transferable or not) and all receipts for money **paid** to the **Company** can be signed, drawn, accepted, endorsed or **made effective** in any way the **Board** decide.

### Power to provide for the benefit of employees and former employees

222. The **Board** can, by passing a resolution, exercise any powers given or required by law to provide for the benefit of employees and former employees of the **Company** or any of its subsidiaries in connection with the ending of the business or the transfer to a **person** of all or any part of the business and assets of the **Company** or that subsidiary.

### Directors' borrowing powers

#### Borrowing powers

223. To the extent that **CA**, **LR** and the **Constitution** allow, the **Board** can exercise all the powers of the **Company** to:
- 223.1. borrow money;
  - 223.2. mortgage or charge all or any part of the **Company's** business, property and assets (present and future);
  - 223.3. issue **debentures** and other securities; and
  - 223.4. give security (including (without limitation), guarantees, indemnities and mortgages and charges) either outright or as collateral security, for a debt, liability or obligation of the **Company** or another related third party.

### Validity of the Board's actions

224. Everything which is done by a **Board** meeting, a **Board** committee meeting or a **person** acting as a **director**, will be valid even though it is discovered later that a **director** or **person** acting as a **director** was not properly appointed or elected. This also applies if it is discovered later that a **person** was disqualified from being a **director**, had ceased to be a **director** or was not entitled to vote.



## Written resolutions

**225.** A **directors' written** resolution is adopted when majority of the **directors** entitled to vote on the resolution at a **Board** meeting have:

225.1. signed one or more copies of it, or

225.2. otherwise indicated their agreement to it **in writing**.

These copies can be made using **electronic means**. This kind of resolution is only adopted if the number of **directors** who have signed it or indicated their agreement to it meet the quorum requirement for **Board** meetings. Once a **directors' written** resolution has been adopted, it will be treated as if it had been a resolution which was passed at a **Board** meeting. All such resolutions shall be described as "**Directors' Circular Resolutions**" and shall be forwarded or otherwise delivered to the **Secretary** without delay and shall be recorded by him in the **Company's** minute books.

## Minutes of meetings

**226.** The **Board** must cause minutes to be made in minute books of the:

226.1. names of the **directors** present at each **Board** meeting and **Board** committee meeting;

226.2. appointments of **officers** made by the **Board**; and

226.3. proceedings and resolutions at **Board** meetings, **Board** committee meetings and **shareholders' meetings**.

**227.** Subject to Sections 343 and 344 of the **CA**, it is not necessary for the **directors** present at a **Board** meeting or **Board** committee meeting to sign their names in the minute book or other attendance book.

## Secretary

### Secretary, and assistant, deputy and temporary Secretaries

**228.** The **Secretary** is appointed by the **Board**. The **Board** decide the terms and period of the appointment. The **Board** can also remove the **Secretary**. This does not affect any claim for damages against the **Company** for breach of any contract of employment the **Secretary** may have. The **Board** can appoint two or more **people** to be joint **Secretaries**.

**229.** The **Board** can also appoint one or more **people** to be assistant or deputy **Secretaries** or one **person** to be a temporary **Secretary**. The **Board** decide their terms and period of employment. The **Board** can also remove an assistant, deputy or temporary **Secretary**. This does not affect any claim for damages against the **Company** for breach of any contract of employment they may have. Anything which the **Constitution** requires or allows to be done by the **Secretary** can also be done by a deputy or temporary **Secretary**.

**230.** Anything which the **Laws** or the **Constitution** requires or allows to be done by or to a **director** and the **Secretary** cannot be done by or to one **person** acting as both a **director** and the **Secretary**.

## Seals

### Seal and Securities Seal

**231.** The **Board** may adopt a **Seal** and **Securities Seal**. Any **Seal** and **Securities Seal** can only be used with the authority of the **Board** or a committee authorised by the **Board**. For the purposes of this **Clause** 231, a committee authorised by the **Board** can consist solely of people who are not **directors**.

**232.** Every document which has the **Seal** stamped on it must be signed autographically by:

232.1. **director** and the **Secretary**;

232.2. **directors**; or

232.3. a **director** and a **person** who is authorised to do so by the **Board**.

However, the **Board** can decide that specific documents or documents of specific descriptions can be printed, in any way, with a copy or representation of these signatures. The representation can be made or produced mechanically, electronically or in any other way the **Board** approve.

**233.** The **Securities Seal** can be used only for sealing securities issued by the **Company** and documents creating or evidencing securities issued by the **Company**. Securities and documents which have the **Securities Seal** stamped on them do not need to be signed.

**234.** The **Board** can use all the powers given by **CA** relating to official **Seals** for use abroad. The **Board** can use all the powers given by **CA** for executing a document under Section 66(2) and (3) of **CA** instead of affixing the **Seal** or any other seal.

## Documents

### Certifying copies of documents

**235.** A **director** or the **Secretary** has power to decide that any of the following are genuine and to certify copies of or extracts from them as true copies or extracts:

235.1. documents relating to the **Company's Constitution**;

235.2. resolutions passed by the shareholders or a class of **shareholders**, or by the **Board** or a **Board** committee; and

235.3. books, documents, records or accounts which relate to the **Company's** business.

235.4. The **Board** can also give this power to other **people**.

**236.** A document which appears to be a copy of a resolution or an extract from the minutes of a meeting and which is certified as a true copy or extract as described in **Clause** 235 is conclusive evidence for a **person** who deals with the **Company** on the strength of the document that the:

236.1. resolution has been properly passed; or

236.2. extract is a true and accurate record of the proceedings of a valid meeting.

### Destroying documents

**237.** Subject to **CA**, the **Company** can destroy all:

237.1. transfer forms for shares, documents sent to support a transfer and any other documents which were the basis for making an entry on **ROM**, **7 years** after the date of registration;

237.2. dividend payment instructions and notifications of a change of address or name, **7 years** after the date these were recorded; and

237.3. cancelled share certificates, **7 years** after the date they were cancelled.

**238.** A document destroyed by the **Company** in accordance with **Clause** 237 is conclusively treated as having been valid and effective in accordance with the **Company's** records relating to the document. Any action of the **Company** in dealing with the document in accordance with its terms before it was destroyed is conclusively treated as having been properly taken.

239. **Clauses** 237 and 238 only apply to documents which are destroyed in good faith and if the **Company** has not been informed that keeping the documents is relevant to any claim.
240. If the documents relate to **Deposited Securities**, the **Company** must also comply with any provisions in **SICDA, DR** or **LR** which limit its ability to destroy these documents.
241. **Clauses** 237 to 240 do not make the **Company** liable:
- 241.1. just because it destroys a document earlier than the time limit stated in **Clause** 237;
- 241.2. just because it does not comply with the conditions in **Clause** 239; or
- 241.3. if it would not be liable if **Clauses** 237 to 240 did not exist.
- Clauses** 237 to 241 apply whether a document is destroyed or disposed of in some other way.

## Accounts

### Accounting records

242. The **Board** must make sure that accounting records which comply with **CA** are kept.

### Location and inspection of records

243. The accounting records must be kept at any place which **CA** allows and the **Board** decide.
244. The **Company's directors** and other **officers** authorised by the **Company** always have the right to inspect the accounting records.
245. No other **person** (including a **shareholder**) has a right to inspect any accounting records or other books or papers of the **Company** unless the:
- 245.1. **CA** or some other law or a Court order gives that **person** the right; or
- 245.2. the **Board** authorise that person to do so.

### Sending copies of financial statement and report

246. **Clauses** 246 to 248 apply to the **Company's** annual financial statement and reports which Section 257 of **CA** requires to be sent.
247. Copies of these documents must be sent to the **shareholders**, the auditor and **debenture holders** and all other **people** to whom **CA** or the **Constitution** require the **Company** to send them. The circulation of annual financial statements and reports shall be at least 21 days before the date of the annual general meeting or such shorter period if it was agreed by all shareholders entitled to attend and vote at the annual general meeting in accordance with Section 258 of **CA**. These copies may be in **electronic form** where allowed by **CA**.
248. However, the **Company** need not send these documents to more than one joint **shareholder** or **debenture** holder except where the **Laws** require. **Shareholders** and **debenture holders** who are not sent copies can receive a copy free of charge by applying to the **Company** at the **Registered Office** or an address that the **Board** have specified for that purpose.

## Auditor

### Attending General Meetings

249. The **Auditor** can attend a **General Meeting** and can speak there on any business which is relevant to them as **Auditor**.

### Validity of the Auditor's actions

250. As far as **CA** allows, the actions of a **person** acting as an **Auditor** are valid in favour of a **person** dealing with the **Company** in good faith, even if there was some defect in that **person's** appointment or that **person** was at any time not qualified to act as an auditor.

## Dividends

### Final dividends

251. The **Company** may in general meeting declare dividends by passing an ordinary resolution, but no dividend can exceed the amount recommended by the **Board**.

### Fixed and interim dividends

252. If the **Board** consider that the profits of the **Company** justify such payments, they can **pay**:

- 252.1. interim dividends on any class of shares of any amounts, on any dates and for any periods which they decide; and
- 252.2. fixed or other dividends on any class of shares on the dates stated for the payment of those dividends.

253. If the **Board** act in good faith, they are not liable to any **shareholders** for any loss they suffer because a lawful dividend has been **paid** under **Clause** 252 on other shares which rank equally with or behind their shares.

### Distributions in kind

254. If the **Board** recommend this, **shareholders** can pass an ordinary resolution to direct all or any part of a dividend to be **paid** by distributing specific assets (and in particular **paid-up** shares or **debentures** of any other **company**). The **Board** must give effect to that resolution. Where a difficulty arises on the distribution, the **Board** can settle it as they decide. In particular, they can:

- 254.1. issue fractional certificates;
- 254.2. value the assets for distribution purposes;
- 254.3. pay cash of a similar value to adjust the **rights** of **shareholders**; and/or
- 254.4. transfer any assets to trustees.

### No dividends are payable except out of profits and subject to solvency

255. No dividend can be paid except out of profits available for distribution and where the **Company** is solvent as **CA** requires.

## Payments to shareholders

- 256.** Subject to the **LR**, a dividend or other money payable in cash relating to a share can be **paid**:
- 256.1. by cheque or warrant payable to the **shareholder** or **person** automatically entitled to the shares by law who is entitled to it or to another **person** named in a **written** instruction from the **shareholder** (or all joint **shareholders** or **people** jointly and automatically entitled to the shares by law);
  - 256.2. in the case of **Deposited Shares**, by using the **eDividend service**, where allowed or required;
  - 256.3. by bank transfer, **electronic means** or by means of a website directly to an account named in a **written** instruction from the **shareholder** (or all joint **shareholders** or **people** jointly and automatically entitled to the shares by law); and/or
  - 256.4. in any other way agreed between the **shareholder** (or all joint **shareholders** or **people** jointly and automatically entitled to the shares by law) and the **Company**.
- 257.** For joint **shareholders**, or people jointly and automatically entitled to shares by law, the **Company** can rely on a receipt for a dividend or other money **paid** on shares from any one of them.
- 258.** Cheques and warrants are sent, and payment in any other way is made, at the risk of the **people** who are entitled to the money. The **Company** is treated as having paid a dividend if a cheque or warrant is cleared or if a payment is made using the **eDividend service**, bank transfer, **electronic means** or by means of a website. The **Company** will not be responsible for a payment which is lost or delayed.
- 259.** Where **Malaysian** law requires that a dividend and any other money payable in respect of a share must be paid in can be paid in whatever currency the **Board** decide or as the law requires using an appropriate exchange rate selected by the Board for any currency conversions required. The **Board** can also decide how any costs relating to the choice of currency will be met.
- 260.** No dividend or other money payable by the **Company** in respect of its shares carries a **right** to interest from the **Company**, unless the **rights** of the shares say something different.

## Deducting amounts owing from dividends and other money

- 261.** If a shareholder owes any money to the **Company** relating in any way to the **Company** shares, the **Board** can deduct any of this money from any:
- 261.1. dividend on any shares held by the **shareholder**; or
  - 261.2. other money payable by the **Company** in respect of the shares.

Money deducted in this way can be used to pay the amounts owed to the **Company**. This **Clause** is subject to **SICDA, DR, LR** and any rules which relate to the **eDividend service**.

## Waiver of dividends

- 262.** All or any dividends can be waived by a document which is accepted by the **Company** or on which the **Company** acts. The document must be signed and in **hard copy** (or in some other form in **writing** acceptable to the **Company**) and delivered to the **Company**.

## Entitlement record dates

263. Subject to **LR**, a dividend or distribution on, and an allotment or issue of, any shares can be paid or made to the holders of shares shown on the **ROM or ROD** at whatever time on whatever day is stated in or referred to in the resolution declaring the dividend or providing for the distribution, allotment or issue. If no time is stated in the resolution, the close of business applies. This **Clause** applies whether what is being done is the result of a resolution of the **Board** or a resolution passed at a **General Meeting**. The date can be before the relevant resolution was passed. This **Clause** does not affect the rights between past and present **shareholders** to payments or other entitlements.

## Dividend plans

264. Subject to **LR**, the **Board** may establish and maintain one or more dividend plans (including the establishment of rules) under which **shareholders** may elect in relation to some or all of their shares (subject to the rules of the relevant plan):
- 264.1. to reinvest some or part of the dividends paid or payable or which may become payable by the **Company** to the **shareholder** in cash by, in accordance with the rules of the relevant plan, subscribing for and/or purchasing shares in the capital of the **Company**;
  - 264.2. to receive a dividend from the **Company** by way of allotment of shares paid up from the **Company's** capital account;
  - 264.3. that instead of the **Company** declaring or paying dividends, a payment or distribution other than a dividend is made by the **Company**;
  - 264.4. that instead of the **Company** paying cash dividends, a cash dividend is received from a related corporation nominated by the **Board**;
  - 264.5. to participate in a dividend plan based on terms as the **Board** decide.
265. Any **shareholder** may, under any dividend plan established under **Clause** 264, elect for a specified period or for a period to be determined by specified notice (in either case decided by the **Directors** and prescribed in the rules of the plan) that all (or, where the rules of the plan permit, some) of the shares held by that shareholder and designated by the **shareholder** in accordance with the rules of the plan will participate in the dividend plan. During that period those shares will be entitled to participate in the dividend plan subject to the rules of the dividend plan.
266. If any dividend plan established under **Clause** 264 or rules of any dividend plan conflicts with the **Constitution**, the **Constitution** will prevail.
267. The **Board** is authorised to do all things which they consider to be desirable or necessary for the purpose of implementing every dividend plan established under **Clause** 264.
268. The **Board** can decide to vary the rules of the dividend plan established under **Clause** 264 or to suspend or terminate any dividend plan. A resolution of a **General Meeting** may also suspend, terminate or vary any dividend plan.

## Employee share plan

269. The **Board** may, subject to **Clause** 30.2, **CA** and **LR**:
- 269.1. implement one or more employee share plan (on the terms they determined) under which securities of the **Company** or **corporation** may be issued, transferred or otherwise provided to or for the benefit of any officer (including, any **director**) or employee of the **Company** or of a subsidiary **Company**;
  - 269.2. amend, suspend or terminate any employee share plan implemented by them; and
  - 269.3. give financial assistance in connection with the acquisition of securities of the **Company** or of a **related corporation** under any employee share plan in any way allowed by the **CA**.

- 270.** **Clause** 269 does not limit the **Board** to establish an employee share plan or limit the scope or structure of any such plan.

## **Reserves**

### **Setting up reserves**

- 271.** The **Board** can set aside any profits of the **Company** and hold them in a reserve. The **Board** can decide to use these sums for any purpose for which the profits of the **Company** can lawfully be used. Pending their use, sums held in a reserve can either be used in the business of the **Company** or invested in any way the **Board** decide. The **Board** can divide the reserve into separate funds for special purposes and change the funds into which the reserve is divided. The **Board** can also carry forward any profits without holding them in a reserve. The **Board** must comply with any restrictions in **CA**.

## **Capitalisation of profits**

### **Bonus issue**

- 272.** Upon the recommendation of the **Directors**, the **Company** is allowed to capitalise any part of the amount for the time being standing to the credit of the profit and loss account or otherwise available for distribution and accordingly that such sum be set free for distribution amongst the **Shareholders** who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be no paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively or paying up in full unissued shares or debentures of the **Company** to be allotted and distributed credited as fully paid up to and amongst such **Shareholders** in the proportion aforesaid or partly in the one way and partly in the other and the **Directors** shall give effect to such distribution.

## **Power of applications of undivided profits**

- 273.** Whenever such a resolution as aforesaid in **Clause** 272 shall have been passed, the **Directors** shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid-up shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the **Directors** to make such provisions by the issue of fractional certificates or by payment in cash discharging debentures of the **Company** or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all Shareholders entitled thereto into an agreement with the **Company** providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment up by the **Company** on their behalf, by the application thereto of their respective proportions of the profits of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such **Shareholders**.

## **Indemnity, insurance and defence expenditure**

### **Indemnity**

- 274.** Subject to the Applicable Laws, every **director**, former **director** and **officer** of the **Company** shall be indemnified by the **Company** out of its own funds against any liability incurred by or attaching to the **directors** or **officers** in connection with any negligence, default, breach of duty or breach of trust by the directors or officers in relation to the **Company**.

## Insurance

- 275.** As far as **CA** allows and without limiting **Clause** 274 in any way, the **Board** can arrange for the **Company** to purchase and maintain insurance against any liability for or for the benefit of any **people** who are or were at any time **directors** or **officers** of the **Company**; or

This includes insurance against any liability incurred by or attaching to those **people** through any act or omission:

275.1. in actually or seemingly carrying out their duties;

275.2. in exercising or seemingly exercising their powers; and

275.3. in any other activity connected to their duties, powers or office;

in relation to the **Company** and all costs, charges, losses, expenses and liabilities incurred by those **people** in relation to any act or omission.

## Assets treated as revenue

- 276.** If **CA** or any other law allows:

276.1. where an asset, business or property is bought by the **Company** as from a past date, the **Board** can decide that any of the related profits and losses as from that date can be added to the **Company's** revenue account and treated for all purposes as profits or losses of the **Company**; and

276.2. where any securities are bought by the **Company** with any dividend or interest, the **Board** can decide that the dividend or interest can be treated as revenue rather than capital.

- 277.** If any law for the time being of any country, state, territory or place imposes or purports to impose any immediate or future or possible liability on the **Company** to make any payment or empowers any government or taxing authority or government official to require the **Company** to make any payment in relation to any shares, **rights** to shares or options to acquire shares held either jointly or solely by or in relation to any transfer of those shares or in relation to any interest, dividends, bonuses or other moneys due or payable or accruing due or which may become due or payable to that **shareholder** on or in relation to any shares, **rights** to shares or options to acquire shares or for or on account or in respect of any **shareholder**, whether as a result of:

277.1. the death of that **shareholder**;

277.2. the non-payment of any income or other tax by that **shareholder**;

277.3. the non-payment of any estate, probate, succession, death, stamp or other duty by the **shareholder** or the trustee, executor or administrator of that **shareholder** or by or out of the **shareholder's** estate;

277.4. any assessment of income tax against the **Company** in relation to interest or dividends paid or payable to that **shareholder**;

277.5. or any other act or thing;



The **Company**:

- 277.6. shall be fully indemnified from all liability by that **shareholder** or that **shareholder's** trustee, executor or administrator and by any **person** who becomes registered as the holder of the shares on the distribution of the deceased **shareholder's** estate;
- 277.7. will have a lien or charge upon the shares for all moneys paid by the **Company** in relation to the shares under or in consequence of any law;
- 277.8. will have a lien upon all dividends, bonuses and other moneys payable in relation to the shares as held either jointly or solely by that **shareholder** for all moneys paid or payable by the **Company** in relation to the shares under or in consequence of any law, together with interest at a rate the **Board** may decide from time to time from the date of payment to the date of repayment, and may deduct or set off against any dividend, bonus or other moneys payable any moneys paid or payable by the **Company** together with interest;
- 277.9. may recover as a debt due from that **shareholder** or that **shareholder's** trustee, executor or administrator or any **person** who becomes registered as the holder of the shares on the distribution of the deceased **shareholder's** estate wherever constituted or located, any moneys paid by the **Company** under or as a result of any law which exceed any dividend, bonus or other money then due or payable by the **Company** to that **shareholder** together with interest at a rate the **Board** may decide from time to time from the date of payment to the date of repayment; and
- 277.10. subject to **SICDA** and **DR**, may, if any money is paid or payable by the **Company** under any law, refuse to register a transfer of any securities by the holder or the holder's trustee, executor or administrator until the money and interest is set off or deducted or, in case the money and interest exceeds the amount of any dividend, bonus or other money then due or payable by the **Company** to the holder, until the excess is paid to the **Company**.

Nothing in this **Clause** will prejudice or affect any right or remedy which any law confers or purports to confer on the **Company**, and, as between the **Company** and every **shareholder**, every **shareholder's** trustee, executor, administrator and estate, any right or remedy which that law confers or purports to confer on the **Company** will be enforceable by the **Company**.

## Winding up

### Distribution in specie

- 278. If a **Company** is wound up, whether voluntarily or in some other way, with the approval of a special resolution, the liquidators may divide among the shareholders any part of the assets of the **Company**. This applies whether the assets consist of property of one kind or different kinds. For the purpose, the liquidator can place whatever value the liquidator considers fair on any property and decide how the division is carried out between **shareholders** and different **shareholders**.

### Liability to calls

- 279. If any shares to be divided in accordance with **Clause** 278 involve a liability to calls or otherwise, any **person** entitled under the division to any of the shares may by notice **in writing** given within 10 days after the passing of the special resolution, direct the liquidators to sell that **person's** proportion and pay that **person** the net proceeds and the liquidators will if practicable, act accordingly.

### Approval of payment of fee to liquidators

280. No commission or fee shall be payable to the liquidators in a voluntary liquidation, unless the payment of the commission or fee has been approved by a **General Meeting** and the amount of the proposed payment has been specified in the notice calling the meeting or in a notice given at least 7 days before the meeting.

### Communications with shareholders

#### Delivering notices and other documents to shareholders

281. The **Company** can, subject to **CA, LR** and the **Constitution**, send or supply all types of notice, document or information to a shareholder:
- 281.1. by delivering it by hand to the address recorded for the shareholder on the **ROM or ROD** or an address specified for the purpose by the intended recipient;
  - 281.2. by sending it by post in an envelope (with postage paid) to the address recorded for the shareholder on the **ROM or ROD**; or
  - 281.3. by **electronic means** (except for share certificates) and/or by making such notices, documents or information (except for share certificates) available on a website.

#### Authentication of documents sent by electronic means

282. Where any provision in the **Constitution** requires a notice or other documents to be signed or authenticated by a **shareholder, director** or other **person** then any notice or other document sent or supplied by **electronic means** must be authenticated in a way authorised or approved by the **Board**. The **Board** may designate mechanisms for validating any such notice or other document, and any such notice or other document not so validated in this way shall be deemed not to have been received by the **Company**.

### Joint shareholders

283. Subject to **SICDA** and **DR**, anything which needs to be agreed by joint shareholders will be treated as being agreed by all the joint **shareholders** where it has been agreed to by any joint **shareholder**.
284. When a notice, document or information is authorised or required to be sent or supplied to joint **shareholders** it may be sent or supplied to any joint **shareholder** subject to **SICDA** and **DR**. A notice, document or information sent in this way is treated as delivered to all the joint **shareholders**.

### Shareholders with foreign addresses or on branch registers

285. Subject to the **Laws** and **LR**, the **Company** does not have to send notices, documents or information to a **shareholder** whose address on the **ROM or ROD** is outside **Malaysia**. This **Clause** applies to joint **shareholders** with an address outside **Malaysia**.
286. For a **shareholder** registered on a branch register, notices, documents or information can be posted or despatched in **Malaysia** or in the country where the branch register is kept.

## Notices when shareholders have died or are bankrupt or in liquidation

- 287.** This **Clause** applies where a **person** is registered as a sole or joint **shareholder** but another **person** is automatically entitled to their shares by law. Subject to **Clause** 284, the **person** who proves that they are automatically entitled to the shares by law to the reasonable satisfaction of the **Board** can give the **Company** an address where notices, documents and information can be sent or supplied. If this is done, subject to **Clause** 68, notices, documents and information must be sent to that address. Otherwise, if a notice, document or information is sent or supplied to the **shareholder** named on the **ROM or ROD** in accordance with the **Constitution**, this will be valid even though another **person** is automatically entitled to their shares by law. This applies even if the **Company** was aware of this. If notices, documents or information are sent in accordance with this **Clause**, there is no need to send them in any other way to any other **people** involved.

## When notices are delivered

- 288.** If a notice, document or information is delivered by hand, it is treated as being delivered at the time it is handed to or left for the **shareholder**.

- 289.** If a notice, document or information is sent or supplied by the **Company** in **hard copy** form, or in **electronic form**, but not delivered by electronic means and which is sent by pre-paid post and properly addressed, it is treated as being received by the intended recipient 24 hours after it was posted.

It can be proved conclusively that a notice, document or information was received by post by showing that the notice, document or information was properly addressed and posted.

- 290.** If a notice, document or information (other than a share certificate) is sent or supplied by the **Company** by **electronic means**, it is treated as being received by the intended recipient at the time it was sent. It can be proved conclusively that a notice, document or information was received by **electronic means**, by showing that the notice, document or information was properly addressed.

- 291.** If a notice, document or information is sent or supplied by the **Company** by means of a website it is treated as being received by the intended recipient when the material was first made available on the website or, if later, when the recipient received (or is treated as having received) notice of the fact that the material was available on the website.

## Undelivered notices

- 292.** This **Clause** applies where, on two consecutive occasions, notices, documents or information sent or supplied by post have been returned undelivered. If the **shareholder** registers a new address with the **Company** and the **Depository** (if they hold **Depository Shares**) where notices, documents or information can be sent or supplied, the shareholder is entitled to have notices, documents or information sent or supplied to them at that address. Otherwise, the **shareholder** is not entitled to receive any notices, documents or information from the **Company**.

## If notices are accidentally not sent

- 293.** If a notice, proxy form, other document or information relating to a meeting or other proceeding is accidentally not sent or is not received, the meeting or other proceeding will not be invalid as a result.
- 294.** A **shareholder** present in person (including, by a **representative**) or by proxy at a **shareholders'** meeting is treated as having received proper notice of that meeting and, where necessary, of the purpose of that meeting.

**Delivering notices and other documents to the Company**

- 295.** **Shareholders** can subject to and in accordance with **CA** and the **Constitution**, send or supply a notice, document or information to the **Company**:
- 295.1. by delivering it by hand to the **Registered Office**;
- 295.2. by sending it by post in an envelope (with postage paid) to the **Registered Office**;
- 295.3. by electronic means to the address notified by the **Company** in its communications to shareholders for this purpose.
- 296.** If a notice, document or information is delivered by hand, it is treated as being delivered at the time it is left at the **Registered Office**.
- 297.** If a notice, document or information is sent by post, it is treated as being delivered at the time it is received at the **Registered Office**.
- 298.** If a notice, document or information is sent by **electronic means**, it is treated as being delivered at the time it was received.
- 299.** A notice, document or information sent or supplied to the **Company** by **electronic means** will not be treated as received by the **Company** if it is rejected by computer virus protection or electronic or internet security arrangements.
- 300.** This **Clause** does not affect any provision of **CA**, **LR** or the **Constitution** requiring notices or documents to be delivered in a particular way.



