



SCC HOLDINGS BERHAD

200001008871 (511477-A)



**GREEN SOLUTION
FOR THE FUTURE
OF THE WORLD
AND MANKIND**

ANNUAL REPORT
2021

www.scc.com.my

INSIDE THIS ANNUAL REPORT

2.	Corporate Information
3.	Corporate Structure
4.	Financial Highlights
5.	Directors' Profile
8.	Chairman's Statement
9.	Management Discussion and Analysis
14.	Sustainability Statement
17.	Corporate Governance Overview Statement
22.	Audit Committee Report
25.	Additional Compliance Information
26.	Statement on Risk Management and Internal Control
29.	Statement of Directors' Responsibility

FINANCIAL STATEMENTS AND REPORTS

31.	Directors' Report
35.	Statement by Directors
35.	Statutory Declaration
36.	Independent Auditors' Report
40.	Statements of Financial Position
41.	Statements of Comprehensive Income
43.	Statements of Changes in Equity
45.	Statements of Cash Flows
47.	Notes to the Financial Statements
102.	List of Properties
103.	Analysis of Shareholdings
105.	Notice of Annual General Meeting
108.	Administrative Guide Proxy Form

VISION

Together we build green and wellness enterprises

MISSION

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.
- Integrity**
 We hold strongly that our business reputation is built on the honesty in all our dealings with our business partners.
- 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.
- Total Customer Satisfaction**
 We strive to delight our customers by providing valued quality products & services to sustain a long term business partnership.
- 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.

CORPORATE INFORMATION

1. BOARD OF DIRECTORS

Chee Long Sing @Cher Hwee Seng (Executive Chairman)
Cher Lip Chun (Managing Director)
Cher Sew Seng (Deputy Managing Director)
Goh Ah Heng @ Goh Keng Chin (Executive Director)
Dato' Ismail bin Hamzah (Independent Non-Executive Director)
Tan Tian Wooi (Independent Non-Executive Director)
Datuk Wira Dr. Goy Hong Boon (Independent Non-Executive Director)
Cher Chou Chiang (Alternate Director to Cher Sew Seng)

2. AUDIT COMMITTEE

Chairman : Dato' Ismail bin Hamzah
Members : 1. Datuk Wira Dr. Goy Hong Boon
2. Tan Tian Wooi

3. NOMINATION COMMITTEE

Chairman : Dato' Ismail bin Hamzah
Members : 1. Datuk Wira Dr. Goy Hong Boon
2. Tan Tian Wooi

4. REMUNERATION COMMITTEE

Chairman : Datuk Wira Dr. Goy Hong Boon
Members : 1. Dato' Ismail bin Hamzah
2. Chee Long Sing @Cher Hwee Seng

5. COMPANY SECRETARY

Wong Yuet Chyn
(MAICSA 7047163)
(SSM PC 202008002451)

6. 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)

7. SHARE REGISTRAR

ShareWorks Sdn Bhd
[199101019611 (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

8. 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

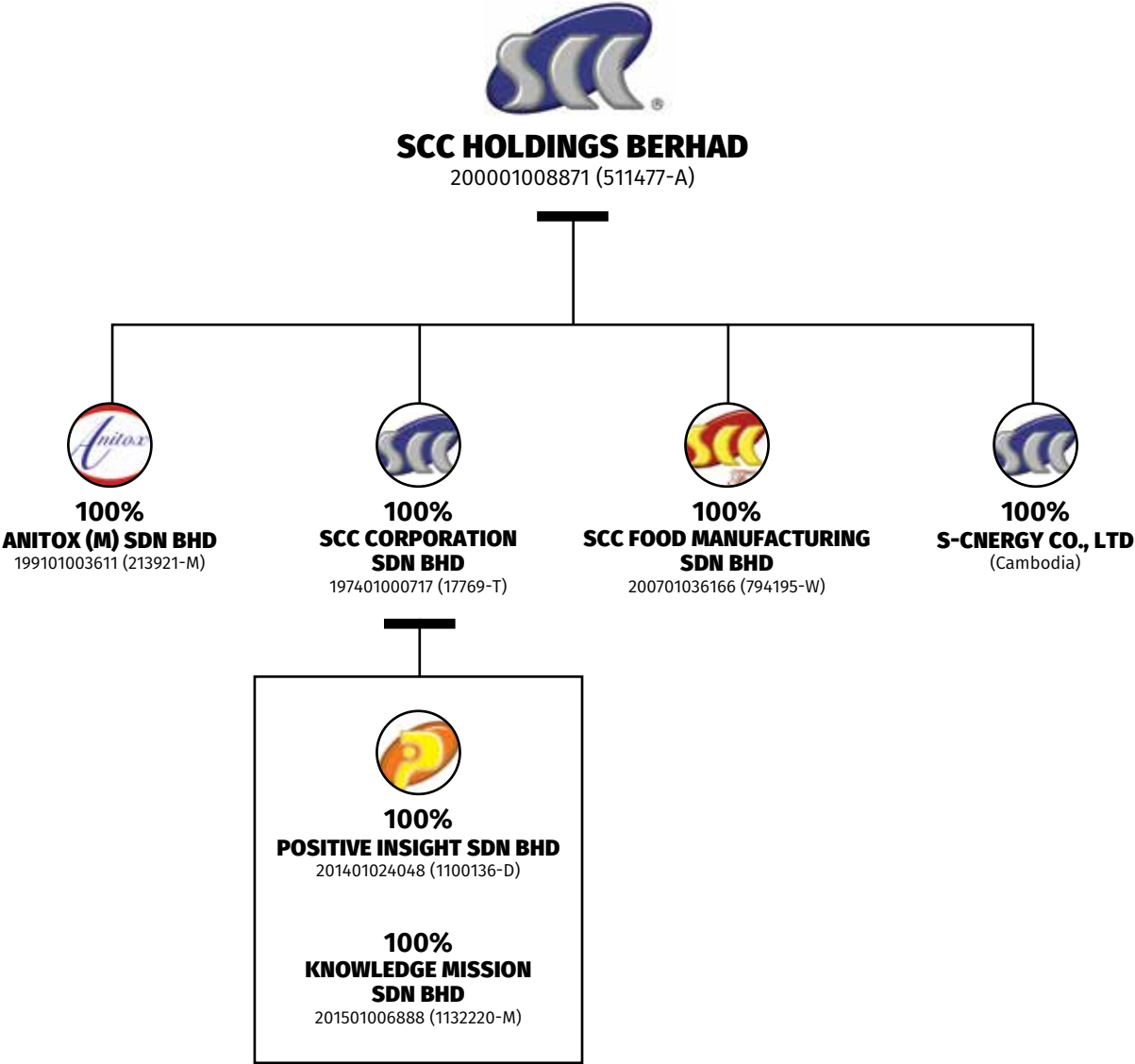
9. STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
Listed on 3 August 2010

10. WEBSITE

www.scc.com.my

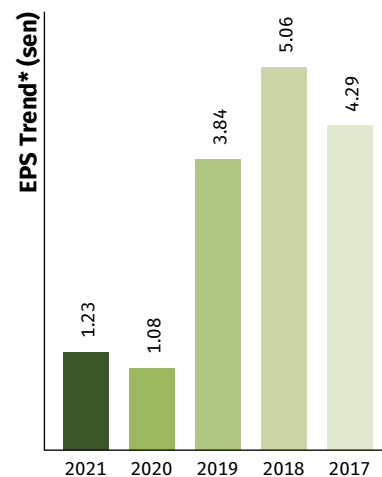
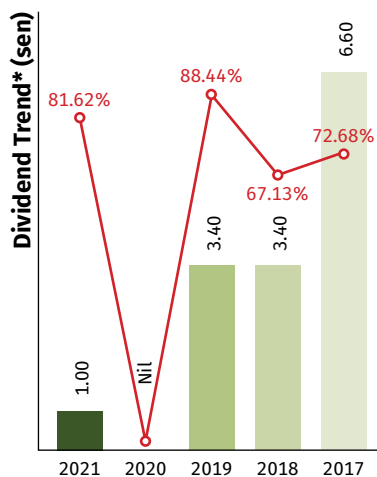
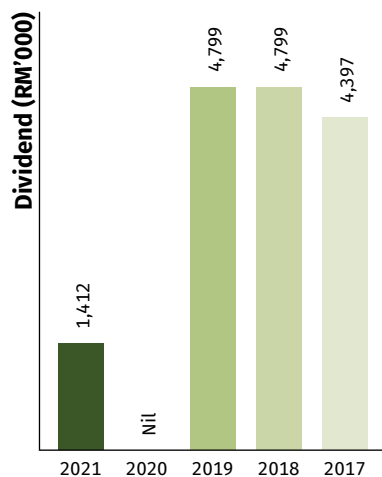
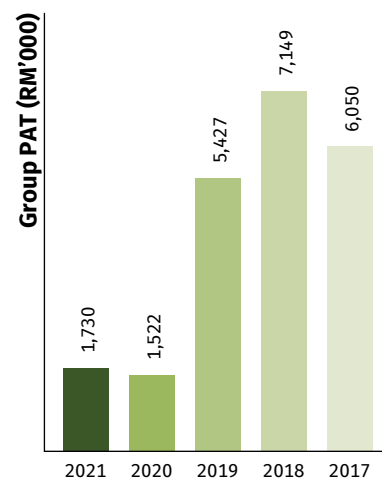
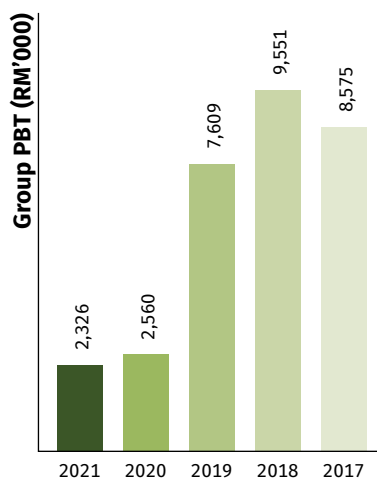
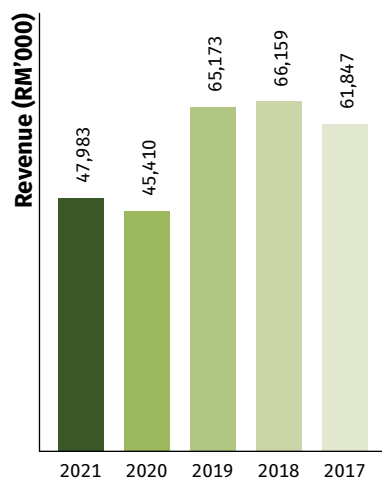
CORPORATE
 STRUCTURE



FINANCIAL HIGHLIGHTS

Group Five-Year Financial Summary

Financial year ended 31 December	2021	2020	2019	2018	2017
Revenue (RM'000)	47,983	45,410	65,173	66,159	61,847
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) (RM' 000)	3,318	3,623	8,714	10,138	9,159
Profit for the Year Attributable to Equity Holders (RM' 000)	1,730	1,522	5,427	7,149	6,050
Profit for the Year Margin (%)	3.61	3.35	8.33	10.81	9.50
Shareholders' Equity (RM' 000)	46,276	44,569	43,036	42,435	40,130
Return on Shareholders' Equity (%)	3.74	3.41	12.61	16.85	15.08
Basic Earnings Per Share (sen)	1.23	1.08	3.84	5.06	4.29
Interim and Special Dividend Per Share (sen)	1.00	-	3.40	3.40	6.60



* Adjusted for Bonus Issue and Share Split exercise in 2017

DIRECTORS' PROFILE

CHEE LONG SING @ CHER HWEE SENG (BEN CHER)

Malaysian, aged 78, Male, Executive Chairman

Mr. Ben Cher was appointed to our Board on 17 April 2000 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. Ben Cher has more than 50 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 Ms. Cheryl Cher and father of Mr. Adam Cher.

He has attended all five (5) Board meetings held during the financial year.

CHER LIP CHUN (ADAM CHER)

Malaysian, aged 46, Male, Managing Director

Mr. Adam Cher was appointed to our Board on 2 July 2012 as Executive Director and re-designated as Managing Director on 1 September 2020.

He is responsible for the overall business strategies and management 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. Mr. Adam Cher has more than 17 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 of Ms. Cheryl Cher.

He has attended all five (5) Board meetings held during the financial year.

CHER SEW SENG (FRANCIS CHER)

Malaysian, aged 72, Male, Deputy Managing Director

Mr. Francis Cher was appointed to our Board on 17 April 2000 as Managing Director and re-designated as Deputy Managing Director on 1 September 2020.

Mr. Francis Cher is a co-founder of the Group. He is assisting the Managing Director in 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 49 years of experience in the animal health products and foodservice equipment industries.

He is the younger brother of Mr. Ben Cher, uncle of Mr. Adam Cher and father of Ms. Cheryl Cher.

He has attended all five (5) Board meetings held during the financial year.

DIRECTORS' PROFILE (CONT'D)

GOH AH HENG @ GOH KENG CHIN

Malaysian, aged 76, Male, Executive Director

Mr. Goh was appointed to our Board on 1 April 2010 as 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 49 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.

DATO' ISMAIL BIN HAMZAH

Malaysian, aged 76, Male, Independent Non-Executive Director

Dato' Ismail was appointed to our Board on 1 April 2010 as Independent Non-Executive Director. He is the Chairman of our Nomination Committee and Audit Committee and member of the 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 30 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, Jasa Kita Berhad and Macro 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.

DATUK WIRA DR. GOY HONG BOON

Malaysian, aged 50, Male, Independent Non-Executive Director

Datuk Wira Dr. Goy was appointed to our Board on 1 April 2010 as Independent Non-Executive Director. He is a member of the Audit Committee and Nomination Committee. He is a corporate consultant with vast experience in local and international capital markets, likewise in the field of information communication technology. He started his career as a 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. 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 Mergers, Acquisitions, Corporate restructurings, Pre-Initial Public Offerings, and ICT Project Fundings.

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 having 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 a member of the Chartered Audit Committee Director from The Institute of Internal Auditors Malaysia.

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.

TAN TIAN WOOL

Malaysian, aged 52, Male, Independent Non-Executive Director

Mr. Tan was appointed to our board on 27 July 2020 as Independent Non-Executive Director. He is a member of the Audit Committee and Nomination Committee.

He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA"). He currently owns a practice specializing in audit. He was previously attached to an international audit firm as the Director of Assurance and Business Advisory and later a partner of a medium audit firm. He has vast experience in Assurance practices such as providing audit, compliances and business advisory services.

He is also the Independent Non-Executive Director of Artroniq Berhad.

He has attended all five (5) Board meetings held during the financial year after his appointment.

He has no family relationship with any directors and/or major shareholders of the company.

CHER CHOU CHIANG (CHERYL CHER)

Malaysian, aged 46, Female, Alternate Director to Mr. Cher Sew Seng

Ms. Cheryl Cher was appointed as Alternate Director to Mr. Cher Sew Seng on 28 May 2019.

She is responsible for assisting the Managing Director in the overall administrative and foodservice equipment division of our Group. She obtained her Bachelor of Science in Business Administration from University of Nebraska Lincoln, College of Business Administration in 2000. In 2003, she joined SCC Corporation Sdn Bhd as Sales Executive in the Foodservice Equipment Division ("FSED"), where she was responsible for the management of FSED's key customers. In 2013, she was promoted to Division Manager of FSED. Ms. Cheryl has more than 17 years of experience in the foodservice equipment industries.

She is the daughter of Mr. Francis Cher, niece of Mr. Ben Cher and cousin of Mr. Adam Cher.

She has attended all five (5) Board meetings held during the financial year.

Other Information

- a. **Directorship in Public Companies and Listed Issuers**
Save for Dato' Ismail bin Hamzah and Mr. Tan Tian Wool, 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.
-

CHAIRMAN'S STATEMENT

The year 2021 was a humanising year that had its share of good and bad moments.

2021 began with a full-blown pandemic in January. Even after Covid-19 became a more endemic disease, new variants such as the highly-mutated Omicron spawned. Any hope that the year would end on a cheerful note was dashed when Malaysia's "once in a 100 years flood" wreaked havoc in several parts of the country. The calamities were not just in the loss of lives and livelihood, but the sense of despair and expression of sorrow by the people.

As people grapple with the catastrophes and its consequences, the worst and best traits in us began to express themselves. Malaysia discovered its resilience and capacity to face something unprecedented with courage when we did it with solidarity during the most trying of times. People of all races and religions continue to show compassion to help thousands of victims who have been displaced due to the floods. At this juncture, SCC Holdings Berhad and its subsidiaries ("SCC Group" or "the Group") jumped in and extended support to the hapless staff whose houses have been inundated by floods by handing out necessities and assisting in clean-ups.

Seeing the return of some semblance of normalcy with ramp-up inoculation drive in 2021, the recovery of economy is threatened by swelling freight rates on the back of pent up demands. Also with the pandemic-related restrictions disrupting the aviation industry, there was enormous pressure built up on ocean shipping for the delivery of goods which in turn had a knock-on effect on the turnaround time of containers. The pandemic has been a humanitarian crisis that has gravely affected the global and our nation's economy, posing unprecedented challenges to businesses. 2021 has undeniably taught businesses the world over, many valuable lessons. Whether reflecting on current conditions or future plans, there is demand for businesses to have high capacity to weather and manage risk and pressure.

The Covid-19 pandemic is like a time machine to the future and the Group has come to see the pandemic as "a blessing in disguise". Changes that many of us predicted would happen over the decades have taken place in the span of weeks. We have seen rapid shifts to unprecedented levels of flexibility, teaming and adaptability and have been adapting and undergoing adjustment whilst embarking on transformation, radical paradigm shifts and "new normal". Although it may be difficult to envisage the exact consequences of Covid-19 and how to handle the immediate impact, the Group has put in place post Covid-19 strategies and recovery plans. Amidst the current uncertainty and challenges, the Group will be continuously taking a comprehensive approach and develop a range of circumstances and robust contingency plans to navigate through these turbulent times.

On behalf of the Board of Directors, I would like to express our deepest appreciation and gratitude to our capable and reliable management team and staff, for their unwavering dedication, commitment and support in executing our business objectives throughout the year. Also, I would like to take this opportunity to acknowledge the valuable contributions of our board members. In the same vein, I wish to extend my sincere gratitude to our customers, business partners, suppliers who have walked with us to positively contribute, leading SCC Group to where it is today and where it aspires to be in the future.

CHEE LONG SING @ CHER HWEE SENG
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

SCC Holdings Berhad (“SCC” or “the Company”) was incorporated in Malaysia on 17 April 2000 under the name SCC Holdings Sdn Bhd and assumed its present name after being converted into a public limited company and subsequent successful listing on the ACE Market of Bursa Malaysia Securities Berhad on 3 August 2010.

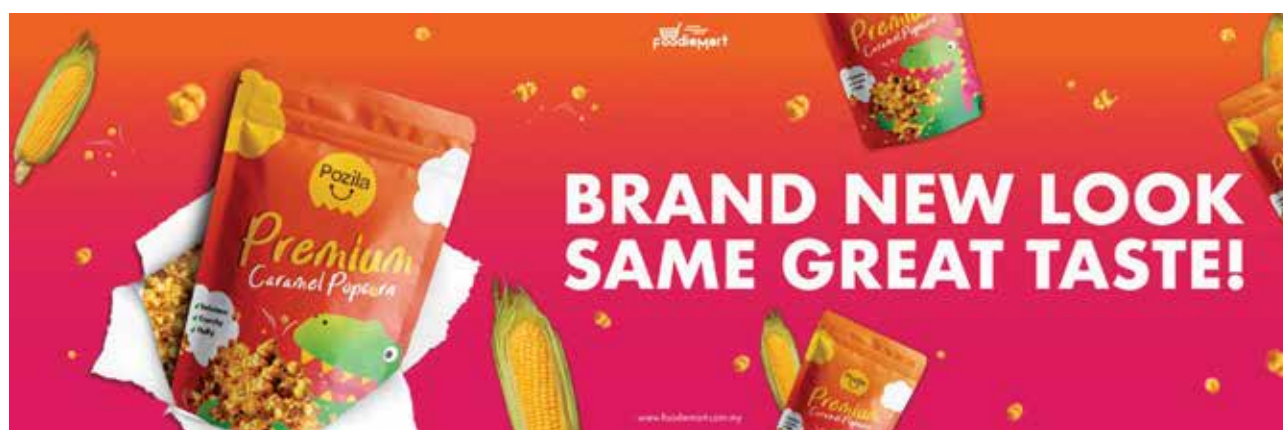
The Company is an investment holding company with all its wholly-owned subsidiaries (collectively referred to as “the Group”) involved in three distinctive business segments.

The Foodservice Equipment Division (“FSED”) is involved in the business of distribution, sales, services and parts supplies of well-known industrial-grade foodservice equipment and food supplies to the Food and Beverages (“F&B”) markets which are widely used in restaurants, cafes, fast food chains, cinemas and hypermarkets, among others.

The Animal Health Products Division’s (“AHPD”) main activities are acting as distributor and sales agent for imported and local manufactured animal health feed additives, pathogen controls and amino acids products meant for feed millers and livestock industries.

Last but not least, the Food Manufacturing Division (“SCCFM”) complements FSED by manufacturing food premixes and ingredients, supplying to FSED’s customers and also produces consumer food products to be marketed directly to end-consumers.

The Group strives to continue to explore new markets for its growing range of quality products and services, further expanding an already diversified customer base so as to reduce dependency on a few key customers and grow our business locally and regionally to deliver maximum value to its stakeholders.



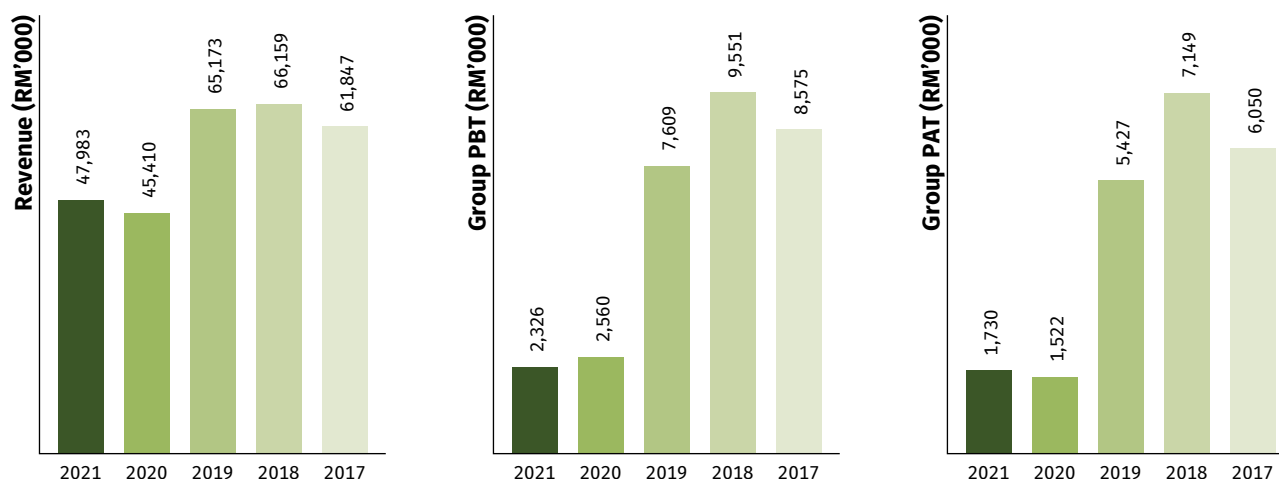
FINANCIAL PERFORMANCE REVIEW

The Group’s 2021 performance was in line with expectations considering the adverse operating conditions in 2020 continued into 2021 amid a highly volatile operating environment following a resurgence of the Covid-19 cases in the middle of the year and devastating floods in several states in Peninsula Malaysia during the end of 2021.

Nevertheless, the reopening of the economy in the final quarter of 2021 was a positive for the Group and has helped it getting out of the doldrums it has been in for the earlier quarters of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Review on Statement of Comprehensive Income



During the financial year ended ("FYE") 31 December 2021, the Group recorded a consolidated revenue of RM47.98 million compared to RM45.41 million reported in the previous year which represents an increase of approximately 6% mainly attributable to the marked increase in revenue contributed by FSED in the final quarter of FYE 2021. This is a reflection of the resumption of economic activities to near pre-pandemic levels following the lifting of movement control restrictions by the Government.

Despite the increase in revenue, our gross profit fell by approximately 5% from RM14.51 million in FYE 2020 to RM13.73 million in FYE 2021 due to the unfavourable product mix, price discount offered to promote sales, and inventories written off due to the difficulties in managing accurate stock level of perishable food supplies under a volatile business environment and changing movement control orders and Standard Operating Procedures ("SOPs").

Profit before tax of the Group decreased by approximately 11% from RM2.56 million in FYE 2020 to RM2.33 million in FYE 2021, which is in line with the lower operating profit in FYE 2021.

Review on Statement of Financial Position

Non-current assets increased from RM5.52 million in FYE 2020 to RM6.83 million in FYE 2021 mainly due to the acquisition of property during the third quarter of FYE 2021.

The increase in Trade Receivables by RM2.59 million is in line with the increase in revenue of the Group and is primarily due to higher sales towards the end of FYE 2021.

Both inventories and trade payables have decreased mainly due to lower purchases towards end of the financial year.

The decrease in inventories by approximately 20% is mainly due to a more prudent inventory re-order approach adopted by the management in order to reduce the risk of overstocking in view of the outlook mentioned in our future prospect section below.

WORKING CAPITAL, LIQUIDITY

The Group continues to maintain a healthy cash flow position in FYE 2021 with zero gearing which places it in a favourable financial position to capture any future opportunity and stay one step ahead of the competition.

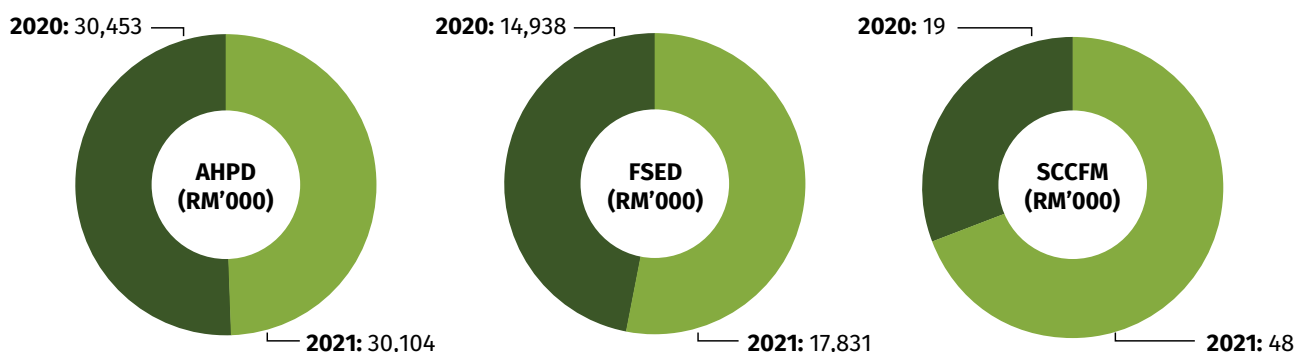
DIVIDEND

During the FYE 2021, no dividend has been proposed, declared or paid by the Group since the end of the previous financial year.

However, in line with the Group's performance and as recognition for the continuous support of our loyal shareholders, the Board has proposed and declared a single tier interim dividend of 1 sen per ordinary share in respect of FYE 2021 on 23 February 2022.

The Board is of the view that this dividend payment provides an adequate balance between rewarding the shareholders while retaining sufficient profits to sustain growth in the future.

SEGMENTAL BUSINESS REVIEW/ REVIEW OF OPERATING ACTIVITIES



ANIMAL HEALTH PRODUCTS DIVISION ("AHPD")

During FYE 2021, the AHPD segment remained the main contributor for the Group as they were able to maintain their sales volume.

Revenue contribution from AHPD decreased marginally by RM0.35 million or 1%. Its total revenue contribution for the year represented approximately 63% of the Group's total revenue.

Immediate-term prospect for the segment is expected to be impacted by the continuing rise in raw material prices in the poultry business. Adding to the pressure on poultry players is the Government's move to cap the price of chickens and eggs.

These predicaments faced by poultry companies will likely cast a shadow on the outlook for the segment.

Nevertheless, Department of Veterinary Services (DVS) reported that the country's livestock industry recorded a total production worth more than RM20 billion in 2021 and showed potential to develop further in the future, indicating a need to increase support in production which would include feed additives.

The division will continue to source new quality products to complement its existing range of products to enhance its product portfolio and coming up with innovative promotional plans to increase sales.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FOODSERVICE EQUIPMENT DIVISION ("FSED")

The segment saw a significant increase in revenue of approximately 19% from FYE 2020 and contributed 37% to the overall revenue of the Group despite the lockdown imposed by the Government between June 2021 to September 2021.

Its performance was especially encouraging during the final quarter of FYE 2021 due to overall increase demand for its foodservice equipment and food supplies by customers, mainly cinemas and restaurant chains as business activities resumed to near pre-pandemic levels following the lifting of movement control restrictions by the Government.

The planned reopening of the country's borders to international travellers after two long years is expected to be a boon for the hospitality and F&B sectors which in turn will greatly improve business prospect for the segment.

The division continues to secure distribution rights for new brands to command market leadership and products that offer higher profit margins to further strengthen its product portfolio.

It will also streamline non-performing brands/products to ensure that its productivity and resources are being maximised. For instance, the division ventured into online food ordering business during FYE 2021 and has plans to leverage from its well-established industry foundation and wide distribution network to seek out opportunities for expansion in other food related businesses in the near future.

FOOD MANUFACTURING ("SCCFM")

For FYE 2021, SCCFM recorded a commendable 153% increase in revenue which represented 0.1% of total revenue of the Group amid a competitive operating environment.

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

ANTICIPATED OR KNOWN RISKS

Pandemic Risk

With the unprecedented Covid-19 pandemic still causing major upheavals in almost all aspects of life, the adverse operating conditions are expected to continue into 2022. From an operational standpoint, the pandemic affected the running of the Group's daily business by virtue of the changing Movement Control Orders and SOPs to stem the surge of new variants of concern of the Covid-19 virus. However, the Group is well prepared to adapt and navigate its way around these disruptions and will take necessary steps required such as to allow staff to work remotely from home and holdings online meetings, including the Annual General Meeting, whenever possible, which is very much a continuation of the conditions from 2020 and is therefore quite familiar to our employees who have since turned into an agile workforce.

Business Risks

The Group constantly faces business risks from intense competition over costing and pricing, material shortages and fluctuation in market demand which may impact our cost and bottom line.

Nevertheless, the Group strives to maintain our competitive edge by always delivering quality products and services to our customers and as well as training and growing a competent and talented pool of employees who will be the key drivers for the Group's business.

Foreign Currency Exchange Fluctuation Risk

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

In order to minimise exposure to significant fluctuations in the Malaysian Ringgit ("MYR") 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.

There is vigilant monitoring of collections from customers in pursuit of overdue debts and assessing of creditworthiness of customers by the credit control committee.

FUTURE PROSPECTS AND OUTLOOK

The Malaysia economic outlook remains tilted to the downside on external and domestic factors amid the lingering Covid-19 pandemic.

The geopolitical upheavals caused by the prolonged Ukraine-Russian conflict and intermittent lockdowns in China aka The World's Factory due to its stringent zero-Covid policy, will likely worsen global supply chain disruptions and impact the local economy.

On the local front, political uncertainties will have implications on policy which in turn could potentially cause unnecessary and additional hardship to businesses.

Despite the lingering challenges, it is not all doom and gloom.

The domestic economy has largely reopened and restrictions are unlikely to be reinstated despite the Omicron wave amid accelerated Covid-19 vaccine booster inoculations nationwide.

While the planned reopening of the country's international borders will improve business prospects for the Group in the near term, the Group will continue to operate with a heightened sense of caution as we have seen how quickly conditions can deteriorate and hamper any form of economic recovery in this pandemic era.

The Economy Outlook 2022 has forecasted that the F&B and accommodation sector will turn around by 7.3% due to the resumption of travel and tourism activities while the agriculture sector is forecasted to expand by 3.9% with the livestock subsector expected to record an uptick on account of higher demand for food items and the Government's policies which emphasise the sustainability of agrofood to further enhance the sector to ensure food security in the country.

As a whole, the Board is still cautiously optimistic of achieving encouraging performance in FYE 2022 based on current market conditions which are still being affected by the Covid-19 pandemic, disruptions of global supply chain and the volatility of the USD as we are hopeful that our plans for growth and expansion will yield greater results backed by our continuous cost optimization, increased productivity and efficiency in allocating our resources.

SUSTAINABILITY STATEMENT

SCC Holdings Berhad and its subsidiaries ("SCC Group" or "the Group") recognises that creating and shaping a sustainable future requires resolute commitments towards economic efficiency, environmental performance and social responsibility. The Group embodied principles of sustainability in its vision and mission and persistently maintain a high standard of sustainability governance focusing on the abovementioned elements.

ECONOMICS

SCC Group is committed to ensure that the interest of all its stakeholders is taken care of by emphasizing practices in good corporate governance, accountability and transparency. The Group strives to comply with laws and regulations and endeavours to conduct itself in a manner beyond reproach.

Stakeholders Engagement

SCC Group adopts a stakeholder-centric approach when integrating sustainability across its business operations. Recognising the importance of corporate governance and transparency, the Group strives to ensure timely dissemination of pertinent information, especially with the advancement of technology despite challenges brought by Covid-19.

Supply Chain Management

The Board of Directors and management team strongly believe that quality assurance will increase the competitive edge of the entire Group in the marketplace. Hence, our Group is committed to provide high quality products and services to our customers. To ensure that our standard is on par with the industry consensus standards, we have taken the initiative to adopt ISO standards in our day-to-day operations. Our quality management system is certified under ISO 9001:2015 and our food processing factory is ISO22000:2018 certified. All of our food products are also HALAL certified for safe consumption by our Muslim friends.

Financial Performance

Like 2020, 2021 had been very challenging for SCC Group due to the pandemic and the Movement Control Order ("MCO") which led to a slowdown in economic activities. Adjusting and adapting to the 'new normal', the management had regular meetings and brainstorming sessions to devise plans and strategies in response to the pandemic crisis and discussed on potential new ventures. Eventually, the Group had managed to stay in profit.

ENVIRONMENTAL

In the context of growing environmental challenges, the Group is accelerating its transformation towards a model respecting planetary boundaries and reinforcing its commitments to sustainability. To help its customers make more sustainable choices, the Group has regularly introduced to its customers, products that could reduce the usage of oil, electricity and time saving such as Turbochef rapid cooker, Irinox Blast chillers and Orved vacuum pack machines. What's more, the combination usage of these products helps customers to increase their productivity whilst reducing operating cost and wastage.

Apart from that, the Group has implemented the corporate policy of promoting electricity saving practices at the workplace where all electrical appliances are to be switched off when not in use.

In light of the pandemic, the Group has been implementing work from home and office rotation schedule intermittently since the imposition of MCO. The said arrangement, in turn, has significantly reduced the electricity consumption and carbon footprint.



SOCIAL

The Covid-19 pandemic took its toll on almost everyone, not just in terms of health but also to stay afloat financially. In the midst of job losses and businesses closing down, surviving this horrible pandemic would be a miracle to many. Like rubbing salt into the wound, many states were deluged with torrential rain. This is the time when the nation and community stand together for strength to keep forging ahead and recover from the ongoing health and economic crisis.



Working closely with local philanthropists, SCC Group is delighted to play a small part in making a difference by distributing pack foods to the casualties. Through the modest donation programs, hundreds of lunchboxes were distributed. It is hoped that the small token would go a long way in easing the burden of those affected during these tumultuous times. In line with its ongoing commitment to support Malaysians throughout the pandemic, the Group has joined forces with local non-governmental organisations (“NGOs”), namely Yayasan Food Bank Malaysia to provide relief to a hundred of residents in Kampung Puah, Setapak.

NGOs and private companies have channelled aid to frontliners who work round the clock in the relentless fight against Covid-19, as a gesture of appreciation. The Group has also embarked on efforts to give away free house brand popcorns not only to the frontline warriors who work tirelessly to keep Covid-19 at bay, but to the underprivileged as well.



The Group believes that people are its greatest asset. The unfolding Covid-19 pandemic has thus put employees’ welfare at the top of its agendas. To reduce the employees’ exposure to the virus, the Group has put in place needful measures, for instance, introducing teleworking and reorganising work routines. Also, the Group has been granting paid day off for inoculation as a way to support employees during the pandemic whilst increasing the uptake of vaccines to reach herd immunity. Moreover, to ensure good internal control, self-test kits have been provided gratis biweekly. Last but not least, SCC Group has also extended assistance to its employees affected by the floods.

The Group should not rest on its laurels and will continue to contribute to the development and sustainability of society.



COOKMATE

Cookmate Premix

A hassle free and healthy way to add an exquisite taste to your every meal, Cookmate is a convenient way to create a plethora of authentic food recipes.



Pozila

Pozila Premium Caramel Popcorn

A premium in-house popcorn brand that is delicious, crunchy and uses only the finest ingredients with no preservatives and certified Halal.



FoodieMart

Food At Your Convenience

FoodieMart provides tailored and convenient food products ranging from premixes to snacks and beverages. We pride ourselves on being convenience-focused.

Check out www.foodiemart.com.my for our e-store experience.



Find us on:



Lazada



Shopee



FoodieMart



Scan for more info!

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of SCC Holdings Berhad (“SCC” or “the Company”) recognises its roles and responsibilities in protecting and enhancing the interest of the shareholders and stakeholders whilst enabling the Company and its group of companies (“Group”) to achieve long term profitability and sustainability. The Board strives to ensure that the highest standards of corporate governance is practiced throughout the Group by enforcing good standards of accountability, all with a view to enable Management to execute its duties effectively.

This statement is prepared in compliance with ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read in conjunction with the Corporate Governance Report (“CG Report”) 2021 of the Company which is available on SCC Holdings’ website: <http://www.sccholdings.com.my>.

The CG Report spells out the details on how the Group has applied each Practice as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) during the financial year ended 31 December 2021 (“FYE 2021”).

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board responsibilities

The Board is responsible for the stewardship of the Group and the direction of the Management. It is responsible and accountable to the long term sustainable value creation for its stakeholders.

Each director shares his experience and contributes his valuable 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 to identify and segregate 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 2021 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 CG Report which is available at the Company’s website at 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 mutually exclusive with a clear definition 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 leads the Board by overseeing the strategies and business affairs of the Group.

Mr. Adam Cher, the Managing Director of the Group, leads the Management in executing board policies, strategies and action plans approved by the Board. He is actively involved in the reporting and discussion with the Board on the Group’s business performance, direction and development, including all strategic matters affecting the Group.

The Board discharges some of its responsibilities through delegation to Board Committees. The Board Committees bring an increased focus on key areas and explore them more deeply, thereby gaining a greater understanding of the detail. Any delegation of authorities to Board Committees is formally documented in writing through the Terms of Reference, while the Board maintains a schedule of key matters which are reserved for its decision.

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)

IV. Board Composition

The Board currently comprises seven (7) members, of which three (3) are INEDs and four (4) are Executive Directors. It complies with the AMLR. The size and the composition of the Board remains adequate to provide a diversity of views, skills, knowledge and experience to facilitate effective decision making and an appropriate balance of executive independent and non-independent directors.

The profile of each of the Member of the Board is set out from pages 5 to 7.

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 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 Group'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 INEDs, 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 5.6 to 5.8 of the MCGG 2021.

Tenure of Independent Directors

As at the reporting date, Dato' Ismail bin Hamzah ("Dato' Ismail") and Datuk Wira Dr. Goy Hong Boon ("Datuk Wira Dr. Goy") have served more than nine (9) years as Independent Directors. The Board through its NC had conducted an assessment of the independence of the Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the 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 two (2) resolutions 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 MCGG 2021.

The Board's and NC's justification to retain Dato' Ismail and Datuk Wira Dr. Goy are premised on the following:-

- Dato' Ismail and Datuk Wira Dr. Goy continue to fulfil the criteria and definition of an Independent Director as set out under Rule 1.01 of AMLR.
- During their tenure in office, Dato' Ismail and Datuk Wira Dr. Goy 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 and Datuk Wira Dr. Goy 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 Guidance Note 13 of the AMLR;
- During their tenure, Dato' Ismail and Datuk Wira Dr. Goy 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 and Datuk Wira Dr. Goy have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making processes; and
- During their tenure, Dato' Ismail and Datuk Wira Dr. Goy have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates. This includes an understanding of the peculiarities, strengths 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 21st AGM held on 27 May 2021 to pay the Directors' Fees to the INEDs for the FYE 2020, 2021 and 2022.

The remuneration packages applicable for the Executive Chairman, Managing Director, Deputy Managing Director and Executive Director have 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, Deputy Managing Director and Executive Director consists of basic salary and other emoluments. Furthermore, 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 2021 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	-	222,500	30,000	-	1,186	21,250	274,936
Cher Sew Seng	-	287,500	38,400	13,036	1,186	10,625	350,747
Goh Ah Heng @ Goh Keng Chin	-	222,500	28,800	10,052	1,186	21,250	283,788
Chu Soo Meng (resigned on 30 April 2021)	-	283,048	-	33,966	539	-	317,553
Cher Lip Chun	-	360,000	26,786	46,415	923	21,250	455,374
Dato' Ismail bin Hamzah	24,000	-	-	-	-	1,500	25,500
Datuk Wira Dr. Goy Hong Boon	24,000	-	-	-	-	1,500	25,500
Tan Tian Woi	24,000	-	-	-	-	1,500	25,500
Total	72,000	1,375,548	123,986	103,469	5,020	78,875	1,758,898

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)

VI. Board Commitment

The Directors are aware of the time commitment expected from them to attend matters of the Group in general, including attending Board and Board Committees meetings.

The Board meets on a quarterly basis, with additional meetings being convened when necessary to address issues deemed urgent. The Board met on five (5) occasions during the financial year and the details of attendance at Board Meetings held during the financial year are set out below:

Name of Directors	Meetings Attended	% of Attendance
Chee Long Sing @ Cher Hwee Seng	5/5	100
Cher Sew Seng	5/5	100
Goh Ah Heng @ Goh Keng Chin	5/5	100
Cher Lip Chun	5/5	100
Dato' Ismail bin Hamzah	5/5	100
Datuk Wira Dr. Goy Hong Boon	5/5	100
Tan Tian Wooi	5/5	100
Chu Soo Meng (Resigned on 30 April 2021)	2/2	100

VII. Training

The Board encourages Directors to continuously upgrade their knowledge and expertise, whether through the training programme provided in house or external trainers. Some of the Directors have from time to time also attended various relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment. All Directors have completed the Mandatory Accreditation Programme as stipulated in AMLR.

During the financial year under review, the training programmes attended by the Directors were as follows:

No.	Name of Directors	Programme
1.	Chee Long Sing @ Cher Hwee Seng	• Time for Change
2.	Cher Sew Seng	• Jews Business Philosophy - Miracles
3.	Goh Ah Heng @ Goh Keng Chin	• Trending after the pandemic • Winning Strategy • Malaysia Budget 2022
4.	Cher Lip Chun	• Scope & Materiality in Sustainability Reporting
5.	Dato' Ismail bin Hamzah	• Energising Board Stewardship and Governance Compliance Webinar • Securities Commission's Audit Oversight Board (AOB) Conversation with Audit Committees
6.	Datuk Wira Dr. Goy Hong Boon	• Managing your wealth in 2022
7.	Tan Tian Wooi	• MIA Virtual Conference Series: Capital Market Conference 2021 • MIA Webinar Series: Contemporary Issues in Complying with IFRS/ MFRS15 Revenue from Contracts with Customers

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’ Ismail bin Hamzah is financially literate, possesses the appropriate levels of expertise and experience. Other members comprises member of Malaysian Institute of Accountants and also possess many years of corporate management experiences.

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 International Organization for Standardization (“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 three (3) Executive Directors, all Heads of Business Divisions (“HODs”) and General Manager.

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 access online 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.

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@scs.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 at least twenty-eight (28) days before the meeting. At each AGM, the shareholders are encouraged to take this opportunity to ask questions about the resolutions being proposed during the meeting and also 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 view of the Covid-19 pandemic and as part of safety measures against Covid-19, the AGM of SCC is conducted via a fully virtual basis through live streaming and online remote voting by using remote participation and voting (“RPV”) facilities. All the Board members, the Company Secretary and External Auditors are in attendance virtually via video conferencing.

In line with the AMLR, all resolutions put to the 21st AGM were voted by poll. An independent scrutineer was appointed to validate the votes casted at the AGM. The result for each resolution and the name of the independent scrutineer were announced on Bursa Securities on the same day.

This statement is approved by the Board on 4 April 2022.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee (“AC”) is to assist and support the Board of Directors (“Board”) of SCC Holdings Berhad and its subsidiaries (“SCC Group” or “the Group”) in fulfilling its fiduciary responsibilities to ensure strong corporate governance. The AC 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 AC comprises three (3) members, all of whom are Independent Non-Executive Directors. Mr. Tan Tian Wooi is a member of the Malaysian Institute of Accountants. Mr. Tan Tian Wooi meets the requirements of Rule 15.09(1)(c)(i) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

At the end of financial year ended 31 December 2021, the members of the AC are:

Name	Designation	Directorship
Dato’ Ismail bin Hamzah	Chairman	Independent Non-Executive Director
Datuk Wira Dr. Goy Hong Boon	Member	Independent Non-Executive Director
Tan Tian Wooi	Member	Independent Non-Executive Director

Meetings

During the financial year under review, the AC 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, Assistant Finance Manager, General Manager, Internal Auditors and External Auditors were present as and when invited.

The AC also met the External Auditors in one (1) private session without the presence of Management to discuss audit related matters that the Auditors wish to raise directly to the AC.

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

Details of attendance are listed below:

Name	Attendance
Dato’ Ismail bin Hamzah (Chairman)	5/5
Datuk Wira Dr. Goy Hong Boon	5/5
Tan Tian Wooi	5/5

Terms of Reference

The details of the Terms of Reference of the AC are available for reference at www.sccholdings.com.my.

AUDIT COMMITTEE REPORT (CONT'D)

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

- a. Reviewed the quarterly unaudited financial results of the Company and Group before recommending to the Board for consideration and approval.
- b. Reviewed the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval.
- c. Reviewed a Report and Statement on Risk Management and Internal Control for the Group's Annual Report prior to submission to the Board for consideration and approval.
- d. 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

- e. Evaluated the technical competencies, adequacy of specialist support and partners/directors accessibility and time commitment.
- f. Ascertained the independence of the external auditor with the auditors and confirmed their independence status before conducting the audit.
- g. Reviewed the external auditors' Audit Planning Memorandum.
- h. Reviewed the external auditors' audit findings, including the recommendations and management's response.
- i. Met with the external auditors one (1) time without the presence of the Executive Directors and the Management to discuss matters that need to be highlighted to the AC.
- j. Evaluated auditor's performance and recommendations for re-appointment in AGM.

Internal Audit

- k. 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.
- l. Reviewed the adequacy of the scope and coverage of work and instructed specific audit area to be performed when needs arise.
- m. Received and discussed the internal audit reports after the conclusion of every internal audit being carried out.

Related Party Transactions

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

Others

- o. Reviewed the AC Report 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 Group's Annual Report.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Company engaged CGRM Infocomm Sdn Bhd ("CGRM") as outsourced Internal Auditors to carry out the internal audit function of SCC Holdings Berhad and its subsidiaries ("SCC Group" or "the Group") for the financial year ended 31 December 2021.

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 works, 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. The Internal Auditor will also table its internal audit plan to the AC prior to audit works for the next financial year.

On 27 May 2021, CGRM tabled a report for AC's review covering the Internal Audit of Financial Control and Management and followed up on Internal Audit Report issued in October 2020 on Server Management, Software General Access Controls Management and Data Management of the Information Technology (IT) Department.

On 24 August 2021, CGRM tabled a report for AC's review in respect of the proposed 2-year risk-based internal audit plan for SCC for financial years ending 31 December 2021 to 2023.

On 23 November 2021, CGRM tabled a report for AC's review in respect of the e-Commerce Management (B2C) of SCC Corporation Sdn Bhd and followed up on Internal Audit Report issued in May 2021 on Financial Control and 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 2021 was RM31,800 (FYE 2020 – RM31,800).

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 RM63,500.00 for the financial year ended 31 December 2021.

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 2021.

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 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control by the Board of Directors (“Board”) on the SCC Holdings Berhad (“SCC” and “the Company”) and its group of companies (“Group”) is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) under Practice 10.1 and 11.2. The MCCG 2021 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 2021 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 all management staff. The responsibilities of RMC include assisting in the 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 the key risks as identified by the Management.

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

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

Special ad-hoc RMC meeting will be called should there be any urgent matters arises.

The responsibility of day-to-day risk management resides with the HODs 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 reviewing of risks and related controls and that action plans are developed and implemented to manage these risks.

Minutes of the meetings are recorded while progress and outcomes are being closely monitored by the RMC. Activities of the RMC are also being highlighted during Board meetings to the Audit Committee (“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 via a common platform.

A Risk Profile and Action Plan, which registered the nature and extent of risks the divisions/departments/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 program 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 the 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 being 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 encompassing financial and non-financial matters for compliance and daily operational use.

Limits of Authority

The level of authority and lines of responsibilities from business divisions up to the Board level are well-defined to ensure accountability 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 operational 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.

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 AC is entrusted by the Board to ensure that an effective and adequate internal control system is in place at all times. To assist the AC in discharging its duties and responsibilities, the internal audit function is outsourced to an independent professional service firm to take charge of the Group's internal audit function during the financial year. The reports are submitted to the AC, who reviews the findings with Management at the AC Meetings. In assessing the adequacy and effectiveness of the system of internal controls of the Group, the AC reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

There were two (2) internal audits being conducted during the year and recommended improvements were implemented on advice of the internal auditor with the approval of the AC.

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 year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 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 financial year ended 31 December 2021. 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 4 April 2022.

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 AND REPORTS

- 31.** Directors' Report
- 35.** Statement by Directors
- 35.** Statutory Declaration
- 36.** Independent Auditors' Report
- 40.** Statements of Financial Position
- 41.** Statements of Comprehensive Income
- 43.** Statements of Changes in Equity
- 45.** Statements of Cash Flows
- 47.** Notes to the Financial Statements

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 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 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 parent	1,730	2,795

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

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

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*
Dato' Ismail bin Hamzah
Datuk Wira Dr. Goy Hong Boon
Cher Chou Chiang (alternate director to Cher Sew Seng)
Tan Tian Wooi
Chu Soo Meng (resigned on 30.04.2021)

* Director of the Company and its subsidiary companies

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

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:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interests in the Company				
Direct interests:				
Chee Long Sing @ Cher Hwee Seng	30,686,784	-	-	30,686,784
Cher Lip Chun	1,024,802	-	-	1,024,802
Cher Sew Seng	19,397,847	-	-	19,397,847
Goh Ah Heng @ Goh Keng Chin	11,810,445	-	-	11,810,445
Cher Chou Chiang	740,000	-	-	740,000
Indirect interests:				
Chee Long Sing @ Cher Hwee Seng #	805,249	-	-	805,249
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 is 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 in Malaysia.

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' 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.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS (CONT'D)

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 in Malaysia.

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 the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (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; 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.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS

The details of significant events are disclosed in Note 32 to the financial statements.

AUDITORS

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

The details of auditors' remuneration are set out in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 4 April 2022.

CHEE LONG SING @ CHER HWEE SENG

CHER LIP CHUN

KUALA LUMPUR

STATEMENT BY DIRECTORS'

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016 IN MALAYSIA

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 40 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 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 4 April 2022.

CHEE LONG SING @ CHER HWEE SENG

CHER LIP CHUN

KUALA LUMPUR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016 IN MALAYSIA

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 40 to 101 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 4 April 2022

WONG POW YEE

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCC HOLDINGS BERHAD

[Registration No: 200001008871 (511477-A)]

(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 2021 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 40 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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>Impairment of trade receivables</u></p> <p>The Group has material credit exposures in its trade receivables amounting to RM12.233 million as at 31 December 2021.</p> <p>The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.</p>	<p>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We have reviewed the adequacy of the impairment loss, assessed and enquired management on the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.</p> <p>We have reviewed the appropriateness of the disclosures made in the financial statements.</p>

INDEPENDENT AUDITORS' REPORT (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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

LIM BEE PENG
Approved Number: 03307/06/2023 J
Chartered Accountant

KUALA LUMPUR

4 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	5,389	4,223	-	-
Investment properties	5	603	620	-	-
Right-of-use assets	6	774	596	-	-
Investments in subsidiary companies	7	-	-	16,343	16,343
Goodwill on consolidation	8	8	8	-	-
Investment securities	9	59	74	-	-
		6,833	5,521	16,343	16,343
Current Assets					
Inventories	10	8,998	11,318	-	-
Trade receivables	11	12,233	9,647	-	-
Other receivables	12	1,463	946	5	2
Amount due from subsidiary companies	13	-	-	9,582	8,519
Tax recoverable		835	365	166	47
Other investments	14	16,256	17,592	2,781	1,635
Cash and bank balances		6,690	6,011	643	229
		46,475	45,879	13,177	10,432
Total Assets		53,308	51,400	29,520	26,775
EQUITY					
Share capital	15	24,079	24,079	24,079	24,079
Reserves	16	22,197	20,490	5,384	2,589
Total Equity		46,276	44,569	29,463	26,668
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	17	588	309	-	-
Deferred tax liabilities	18	98	97	-	-
		686	406	-	-
Current Liabilities					
Trade payables	19	4,463	4,581	-	-
Other payables	20	1,667	1,414	57	107
Lease liabilities	17	214	330	-	-
Tax payables		2	100	-	-
		6,346	6,425	57	107
Total Liabilities		7,032	6,831	57	107
Total Equity and Liabilities		53,308	51,400	29,520	26,775

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	21	47,983	45,410	5,988	3,588
Cost of sales		(34,256)	(30,905)	-	-
Gross profit		13,727	14,505	5,988	3,588
Other income		893	967	53	60
Selling and distribution expenses		(3,406)	(3,932)	(20)	(26)
Administrative expenses		(9,067)	(8,957)	(3,225)	(3,762)
Net impairment gain on trade receivables	23	239	40	-	-
Finance costs	22	(60)	(63)	-	-
Profit/(Loss) before taxation	23	2,326	2,560	2,796	(140)
Taxation	24	(596)	(1,038)	(1)	-
Profit/(Loss) for the financial year		1,730	1,522	2,795	(140)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
- Exchange translation differences for foreign operations		(8)	9	-	-
<i>Items that are not reclassified subsequently to profit or loss</i>					
- Fair value (loss)/gain of fair value through other comprehensive income		(15)	2	-	-
Other comprehensive (loss)/income for the financial year		(23)	11	-	-
Total comprehensive income/(loss) for the financial year		1,707	1,533	2,795	(140)
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		1,730	1,522	2,795	(140)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,707	1,533	2,795	(140)
Earnings per share (sen):					
- Basic	25	1.23	1.08		
- Diluted	25	1.23	1.08		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to Owners of the Parent				
	Non-Distributable		Distributable		
Group	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Fair value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2021	24,079	12	66	20,412	44,569
Net profit for the financial year	-	-	-	1,730	1,730
Other comprehensive loss for the financial year	-	(8)	(15)	-	(23)
Total comprehensive income for the financial year	-	(8)	(15)	1,730	1,707
At 31 December 2021	24,079	4	51	22,142	46,276
At January 2020	24,079	3	64	18,890	43,036
Net profit for the financial year	-	-	-	1,522	1,522
Other comprehensive income for the financial year	-	9	2	-	11
Total comprehensive income for the financial year	-	9	2	1,522	1,533
At 31 December 2020	24,079	12	66	20,412	44,569

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share Capital RM'000	Distributable Retained Earnings RM'000	Total RM'000
At 1 January 2020	24,079	2,729	26,808
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(140)	(140)
At 31 December 2020	24,079	2,589	26,668
At 1 January 2021	24,079	2,589	26,668
Net profit for the financial year, representing total comprehensive income for the financial year	-	2,795	2,795
At 31 December 2021	24,079	5,384	29,463

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	2,326	2,560	2,796	(140)
Adjustments for:				
Amortisation of right-of-use assets	329	394	-	-
Depreciation of property, plant and equipment	586	639	-	-
Depreciation of investment properties	17	17	-	-
Bad debts written off	122	-	-	-
Dividend income	-	(1)	(2,400)	-
Fair value gain of financial assets	(317)	(372)	(46)	(54)
Impairment loss on trade receivables	15	274	-	-
Interest expense	60	63	-	-
Property, plant and equipment written off	27	-	-	-
Interest income	(41)	(50)	(3)	(4)
Reversal of impairment loss on trade receivables	(254)	(314)	-	-
Rent concession related to Covid 19	(4)	(20)	-	-
Gain on termination of lease contracts	(25)	-	-	-
Unrealised gain on foreign exchange	(102)	(160)	(1)	(2)
Operating profit/(loss) before working capital changes	2,739	3,030	346	(200)
Changes in working capital:				
Inventories	2,320	(460)	-	-
Trade receivables	(2,360)	3,605	-	-
Other receivables	(626)	357	(3)	45
Trade payables	(118)	949	-	-
Other payables	254	(56)	(50)	(15)
Amount due from subsidiary companies	-	-	(1,062)	(1,051)
	(530)	4,395	(1,115)	(1,021)
Cash generated from/(used in) operations	2,209	7,425	(769)	(1,221)
Tax refund	57	-	-	-
Tax paid	(1,222)	(1,910)	(120)	(33)
	(1,165)	(1,910)	(120)	(33)
Net cash from/(used in) operating activities	1,044	5,515	(889)	(1,254)

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Investing Activities				
Dividend received	-	1	2,400	-
Interest received	41	50	3	4
Purchase of property, plant and equipment	(1,779)	(158)	-	-
Net changes in other investments	1,653	(2,495)	(1,100)	3,450
Net cash (used in)/from investing activities	(85)	(2,602)	1,303	3,454
Cash Flows From Financing Activities				
Dividend paid	-	(2,400)	-	(2,400)
Interest paid	(60)	(63)	-	-
Repayment of lease liabilities	(315)	(371)	-	-
Net cash used in financing activities	(375)	(2,834)	-	(2,400)
Net changes in cash and cash equivalents	584	79	414	(200)
Cash and cash equivalents at beginning of the financial year	6,011	5,764	229	429
Effect of exchange translation differences on cash and cash equivalent	95	168	-	-
Cash and cash equivalents at end of the financial year	6,690	6,011	643	229
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	6,690	6,011	643	229

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 19-21, Jalan Hujan, Taman Overseas Union, 5th Miles, 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 7 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 of 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 amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
---	--

The adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to MFRS 16 Amendments to MFRS 141	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS (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 and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the new MFRSs and amendment to MFRSs, if applicable, when they become effective.

The initial application of the accounting standards or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(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 rounded to the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Judgement

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

For leases of buildings and shoplots, the following factors are normally the most relevant:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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/amortisation of property, plant and equipment, right-of-use ("ROU") assets and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment properties 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, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 6 respectively to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 18.

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 10 to the financial statements.

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed, if any.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 30(b)(i) 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 judgement 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

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 and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these 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 2021, the Group and the Company have tax recoverable of RM835,000 (2020: RM365,000) and RM166,000 (2020: RM47,000) respectively and tax payable of RM2,000 (2020: RM100,000) and RMNil (2020: RMNil) respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 30(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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(l)(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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(l)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

(i) 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operations reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(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(l)(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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.

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

Freehold 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

(i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	Over the lease term
Shoplots	Over the lease term

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (Cont'd)

(i) As lessee (Cont'd)

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". 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) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment properties (Cont'd)

Freehold land is not depreciated. Investment properties are depreciated on a straight-line method to write down the cost of asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold buildings	3.33%
--------------------	-------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade receivables, other receivables and amount due from subsidiary companies and cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

(ii) Fair value through other comprehensive income

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, 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 initially recognised less cumulative amortisation

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

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) 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.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(m) 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 proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(n) 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.

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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (Cont'd)

(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.

(p) Revenue recognition

Revenue from contracts with customers

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) Management fee

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

Revenue from other sources

(i) 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.

(ii) Dividend income

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

(iii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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 statements 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.

(r) Segments reporting

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.

(s) Contingencies

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**NOTES TO THE
FINANCIAL STATEMENTS**
(CONT'D)

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
2021						
Cost						
At 1 January	2,636	2,226	1,537	1,655	1,631	9,685
Additions	1,500	116	163	-	-	1,779
Disposals	-	(3)	-	-	-	(3)
Written off	-	(3)	(29)	-	-	(32)
At 31 December	4,136	2,336	1,671	1,655	1,631	11,429
Accumulated depreciation						
At 1 January	759	1,553	965	1,410	775	5,462
Charge for the financial year	69	124	122	112	159	586
Disposals	-	(3)	-	-	-	(3)
Written off	-	(3)	(2)	-	-	(5)
At 31 December	828	1,671	1,085	1,522	934	6,040
Carrying amount						
At 31 December	3,308	665	586	133	697	5,389

**NOTES TO THE
FINANCIAL STATEMENTS**
(CONT'D)

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

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
2020						
Cost						
At 1 January	2,636	2,161	1,446	1,655	1,631	9,529
Additions	-	67	91	-	-	158
Written off	-	(2)	-	-	-	(2)
At 31 December	2,636	2,226	1,537	1,655	1,631	9,685
Accumulated depreciation						
At 1 January	706	1,432	861	1,210	616	4,825
Charge for the financial year	53	123	104	200	159	639
Written off	-	(2)	-	-	-	(2)
At 31 December	759	1,553	965	1,410	775	5,462
Carrying amount						
At 31 December	1,877	673	572	245	856	4,223

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(a) Assets pledged as securities to licensed bank

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:

	Group 2021 RM'000	2020 RM'000
Freehold land and buildings	1,571	1,616

There are no utilisation of credit facilities as at 31 December 2021.

5. INVESTMENT PROPERTIES

	Group 2021 RM'000	2020 RM'000
Freehold buildings		
At cost		
At 1 January/31 December	882	882
Accumulated depreciation		
At 1 January	262	245
Charge for the financial year	17	17
At 31 December	279	262
Carrying amount		
At 31 December	603	620
Fair value of investment properties		
At 31 December	2,800	2,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties pledged as securities to a licensed bank

The carrying amount of the investment properties of the Group pledged to a licensed bank to secure the credit facilities granted to the subsidiary companies are:

	Group	
	2021	2020
	RM'000	RM'000
Freehold buildings	308	317

(b) Income and expenses recognised in profit or loss

The following are recognised in profit and loss in respect of the investment properties:

	Group	
	2021	2020
	RM'000	RM'000
Rental income	118	167

(c) Fair value basis of investment properties

Fair value of investment properties was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 2 or Level 3 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square feet of comparable property.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF USE ASSETS

	Buildings RM'000	Shoplots RM'000	Total RM'000
Group			
2021			
Cost			
At 1 January	440	1,098	1,538
Additions	-	753	753
Termination of lease contracts	(176)	(680)	(856)
Expiration of lease contracts	(267)	(121)	(388)
Exchange differences	3	-	3
At 31 December	-	1,050	1,050
Accumulated amortisation			
At 1 January	253	689	942
Charge for the financial year	109	220	329
Termination of lease contracts	(98)	(512)	(610)
Expiration of lease contracts	(267)	(121)	(388)
Exchange differences	3	-	3
At 31 December	-	276	276
Carrying amount			
At 31 December	-	774	774
2020			
Cost			
At 1 January	267	1,098	1,365
Additions	176	-	176
Exchange differences	(3)	-	(3)
At 31 December	440	1,098	1,538
Accumulated amortisation			
At 1 January	108	443	551
Charge for the financial year	148	246	394
Exchange differences	(3)	-	(3)
At 31 December	253	689	942
Carrying amount			
At 31 December	187	409	596

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares at cost:		
- In Malaysia	16,300	16,300
- Outside Malaysia	43	43
	<u>16,343</u>	<u>16,343</u>

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2021	2020	
		%	%	
Anitox (M) Sdn. Bhd. ("ASB")	Malaysia	100	100	Selling, marketing and distribution of animal health products.
SCC Food Manufacturing Sdn. Bhd. ("SCCFM")	Malaysia	100	100	Processing and purchasing products.
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.
S-Cnergy Co., Ltd ("S-Cnergy")*	Cambodia	100	100	Import and export of kitchen supplies.
Held through SCCC				
Positive Insight Sdn. Bhd. ("PI")	Malaysia	100	100	Selling, marketing and distribution of animal health products.
Knowledge Mission Sdn. Bhd. ("KM")	Malaysia	100	100	Dormant.

* Subsidiary company not audited by UHY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. Goodwill on Consolidation

	Group
	2021 RM'000
	2020 RM'000
At 1 January/31 December	8

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.

9. INVESTMENT SECURITIES

	Group
	2021 RM'000
	2020 RM'000
Fair value through other comprehensive income	
Quoted securities in Malaysia	
- Equity instruments, at fair value	59
	74

10. INVENTORIES

	Group
	2021 RM'000
	2020 RM'000
Finished goods:	
Food service equipment	5,455
Animal health products	3,121
Food service supplies	9
E-commerce stocks	18
	8,448
	2,633
	5
	7
Raw materials:	
Food service supplies	395
	225
	8,998
	11,318
Recognised in profit or loss:	
Inventories recognised as cost of sales	33,010
	29,830

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. TRADE RECEIVABLES

	Group	
	2021 RM'000	2020 RM'000
Trade receivables	12,311	9,975
Less: Accumulated impairment losses	(78)	(328)
	<u>12,233</u>	<u>9,647</u>

The Group's normal credit terms range from 30 to 120 days (2020: 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.

12. OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables	18	132	-	-
Deposits	1,394	610	2	2
Prepayments	51	202	3	-
GST recoverable	-	1	-	-
VAT Input Tax	-	1	-	-
	<u>1,463</u>	<u>946</u>	<u>5</u>	<u>2</u>

13. AMOUNT DUE FROM SUBSIDIARY COMPANIES

The non-trade advances amount due from subsidiary companies are unsecured, interest-free and collectible upon demand.

14. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at fair value through profit or loss:				
- Unquoted money market fund	16,256	17,592	2,781	1,635

The interest rates of other investments of the Group and of the Company range from 0.01% to 0.15% (2020: 0.02% to 0.27%) per annum and 0.01% to 0.15% (2020: 0.02% to 0.27%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2021 Units'000	2020 Units'000	2021 RM'000	2020 RM'000

Issued and fully paid shares

Ordinary Shares

At 1 January/31 December	141,161	141,161	24,079	24,079
--------------------------	---------	---------	--------	--------

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable				
Fair value reserve	51	66	-	-
Foreign currency translation reserve	4	12	-	-
Distributable				
Retained earnings	22,142	20,412	5,384	2,589
	22,197	20,490	5,384	2,589

Fair value reserve

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.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. LEASE LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	639	854
Additions	753	176
Rent concession related to Covid-19	(4)	(20)
Accretion of interest (Note 22)	60	63
Repayments	(375)	(434)
Termination of lease contracts	(271)	-
At 31 December	802	639
Presented as:		
Non-current	588	309
Current	214	330
	802	639

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2021	2020
	RM'000	RM'000
Within one year	263	369
Later than one year and not later than five years	647	331
	910	700
Less: Future finance charges	(108)	(61)
Present value of lease liabilities	802	639

The Group leases buildings and shoplots. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Obligations under lease liabilities

These obligations are secured by a charge over the leased assets as disclosed in Note 5 to the financial statements. The interest rate of the Group for the leases is 7.89% (2020: 7.89%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX LIABILITIES

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	97	86
Recognised in profit or loss	1	11
At 31 December	98	97

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

	Group	
	2021	2020
	RM'000	RM'000
Deferred tax assets	(96)	(84)
Deferred tax liabilities	194	181
	98	97

The components and movements of deferred tax asset and liability are as follows:

Deferred tax asset of the Group

	Unabsorbed capital allowances RM'000
Group	
2021	
At 1 January	(84)
Recognised in profit or loss	(12)
At 31 December	(96)
2020	
At 1 January/31 December	(84)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax asset and liability are as follows: (Cont'd)

Deferred tax liability of the Group

	Accelerated Capital Allowance RM'000
Group	
2021	
At 1 January	181
Recognised in profit or loss	13
At 31 December	194
2020	
At 1 January	170
Recognised in profit or loss	11
At 31 December	181

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	4,203	3,796	1,448	1,926
Unabsorbed capital allowances	419	277	-	1
	4,622	4,073	1,448	1,927

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.

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028. The other temporary differences do not expire under current tax legislation.

19. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 30 to 90 days (2019: 30 to 90 days) from the date of invoices.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other payables	451	436	2	2
Dividend payables	-	-	-	-
Deposits	763	442	-	-
Accruals	448	523	55	105
GST payable	2	4	-	-
VAT output tax	3	9	-	-
	<u>1,667</u>	<u>1,414</u>	<u>57</u>	<u>107</u>

21. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Trading sales:				
- food service equipment	17,831	14,831	-	-
- animal health products	30,104	30,453	-	-
- food service supplies	48	126	-	-
Management fees	-	-	3,588	3,588
	<u>47,983</u>	<u>45,410</u>	<u>3,588</u>	<u>3,588</u>
Revenue from other sources				
Dividend income	-	-	2,400	-
	<u>47,983</u>	<u>45,410</u>	<u>5,988</u>	<u>3,588</u>

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

22. FINANCE COSTS

	Group	
	2021	2020
	RM'000	RM'000
Interest expense on:		
- Lease liabilities	<u>60</u>	<u>63</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audit				
- Current year	61	59	17	17
- Underprovision in prior year	-	1	-	1
- Non-statutory audit	5	5	5	5
Amortisation of right-of-use assets	329	394	-	-
Depreciation of property, plant and equipment	586	639	-	-
Depreciation of investment properties	17	17	-	-
Bad debts written off	122	-	-	-
Directors' remunerations:				
- Non-Executive Directors fees	72	68	72	68
Fair value gain on financial assets	(317)	(372)	(46)	(54)
Loss/(gain) on foreign exchange:				
- realised	-	86	-	-
- unrealised	(102)	(160)	(1)	(2)
Impairment loss on trade receivable	15	274	-	-
Reversal of impairment loss on trade receivables	(254)	(314)	-	-
Net (gain)/loss on impairment of trade receivables	(239)	(40)	-	-
Interest income	(41)	(50)	(3)	(4)
Property, plant and equipment written off	27	-	-	-
Lease expenses relating to short-term leases	657	589	-	-
Rent concession related to Covid-19	(4)	(20)	-	-
Gain on termination of lease contracts	(25)	-	-	-
Rental income	(118)	(167)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss				
Malaysian statutory tax:				
- Current tax provision	871	1,240	1	-
- Over provision in prior years	(276)	(213)	-	-
	595	1,027	1	-
Deferred tax:				
- Origination and reversal of temporary differences	-	5	-	-
- Under/(over) provision in prior years	1	6	-	-
	1	11	-	-
	596	1,038	1	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit/(loss) 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:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	2,326	2,560	2,796	(140)
At Malaysian statutory tax rate of 24% (2020: 24%)	558	614	671	(34)
Effect of different tax rate in other jurisdictions	40	43	-	-
Expenses not deductible for tax purposes	349	426	32	32
Income not subject to tax	(208)	(114)	(587)	(12)
Utilisation of previously unrecognised tax and unabsorbed capital allowance	(115)	-	(115)	-
Deferred tax assets not recognised	247	276	-	14
Overprovision of taxation in prior years	(276)	(213)	-	-
Underprovision of deferred taxation of prior years	1	6	-	-
	596	1,038	1	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. 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 parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit attributable to owners of the parent	1,730	1,522
Weighted average number of ordinary shares in issue ('000)	141,161	141,161
Basic earnings per ordinary share (sen):	1.23	1.08

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.

26. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, wages and other emolument	6,727	7,140	2,544	3,048
EPF	859	834	256	274
Other related expenses	564	182	25	17
Benefits-in-kind	74	74	74	74
	8,224	8,230	2,899	3,413

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year as below:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors				
Salaries, wages and other emolument	1,505	2,005	1,226	1,824
EPF	103	130	96	125
Benefits-in-kind	74	74	74	74
	1,682	2,209	1,396	2,023

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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:

	As at 1 January RM'000	New lease (Note 17) RM'000	Financing cash flows (i) RM'000	Other changes (ii) RM'000	At 31 December RM'000
Group					
2021					
Lease liabilities	639	753	(315)	(275)	802
2020					
Lease liabilities	854	176	(371)	(20)	639
Dividend payable	2,400	-	(2,400)	-	-
	3,254	176	(2,771)	(20)	639
Company					
2020					
Dividend payable	2,400	-	(2,400)	-	-

- (i) The financing cash flows include the net amount of proceeds from or repayments of lease liabilities and payment of dividends in the statements of cash flows.
- (ii) Other changes include rent concession related to Covid-19 and gain on termination of lease contracts.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. RELATED PARTY DISCLOSURES (CONT'D)

(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:

	2021 RM'000	2020 RM'000
Group		
Rental paid		
- McDota (M) Sdn. Bhd.*	24	44
- Kumsan Enterprise (M) Sdn. Bhd.	74	77
- Mr Cher Hwee Seng	95	99
- Sim Ah Choon#	53	55
Company		
Management fee income		
- 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
Dividend income		
- Anitox (M) Sdn. Bhd.	2,400	-

* A company in which certain Directors have substantial financial interests

Spouse of Mr Cher Sew Seng

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,505	2,005	1,226	1,824
EPF	103	130	96	125
	1,608	2,135	1,322	1,949
Benefits-in-kind	74	74	74	74
	1,682	2,209	1,396	2,023
Non-Executive:				
Fees	72	68	72	68
	1,754	2,277	1,468	2,091
Other key management personnel				
Salaries and other emoluments	1,871	1,800	334	426
EPF	224	216	40	51
	2,095	2,016	374	477
Total	3,849	4,293	1,842	2,568

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:

- (a) Food service equipment segment includes the selling activities of 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.
- (b) The animal health product segment includes the selling of antimicrobial preservatives and feed additives. Antimicrobial preservative reduces mould and bacterial levels in feeds and feed ingredients. Feed additives are substances which are to be added in small or micro quantities to macronutrient of animal feed to provide specific health or nutrition effects in a concentrated manner.
- (c) Other reportable segments are all other 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
(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
2021						
Revenue						
External customers	17,831	30,104	48	47,983	-	47,983
Inter-segment:						
- Trading sales	209	-	1,599	1,808	(1,808) (A)	-
- Management fee	-	-	3,588	3,588	(3,588) (A)	-
- Dividend income	-	-	2,400	2,400	(2,400) (A)	-
Total revenue	18,040	30,104	7,635	55,779	(7,796)	47,983

NOTES TO THE
FINANCIAL STATEMENTS
(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
2021						
Results						
Fair value gain on financial assets	-	89	228	317	-	317
Rent concession related to Covid-19	-	-	4	4	-	4
Gain on termination of lease contracts	-	-	25	25	-	25
Interest income	-	17	24	41	-	41
Rental income	15	148	258	421	(303) (B)	118
Reversal of impairment loss on trade receivables	210	4	40	254	-	254
Unrealised gain on foreign exchange	-	-	102	102	-	102
Miscellaneous income	38	4	273	315	-	315
Bad debts written off	-	(109)	(13)	(122)	-	(122)
Amortisation of right-of-use assets	-	-	(329)	(329)	-	(329)
Depreciation of property, plant equipment	(2)	(33)	(551)	(586)	-	(586)
Depreciation of investment properties	-	(9)	(8)	(17)	-	(17)
Property, plant and equipment written off	-	-	(27)	(27)	-	(27)
Impairment loss on trade receivables	(14)	-	(1)	(15)	-	(15)
Interest expense	-	-	(60)	(60)	-	(60)
Unallocated corporate expenses	(13,696)	(34,266)	(3,414)	(51,376)	5,699 (B)	(45,677)
	(13,449)	(34,155)	(3,449)	(51,053)	5,396	(45,657)
Segment profit/(loss)	4,591	(4,051)	4,186	4,726	(2,400)	2,326

**NOTES TO THE
FINANCIAL STATEMENTS**
(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
2021						
Assets						
Additions to non-current assets	-	254	1,557	1,811	(32)	1,779
Tax recoverable	-	107	728	835	-	835
Segment assets	4,496	17,100	55,795	77,391	(26,697) (c)	50,694
	4,496	17,461	58,080	80,037	(26,729)	53,308
Liabilities						
Deferred tax liabilities	-	8	90	98	-	98
Tax payables	-	-	2	2	-	2
Segment liabilities	-	5,378	11,580	16,958	(10,026) (c)	6,932
	-	5,386	11,672	17,058	(10,026)	7,032
Capital expenditure						
Property, plant and equipment	-	254	1,557	1,811	(32)	1,779

NOTES TO THE
FINANCIAL STATEMENTS
(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
2020						
Revenue						
External customers	14,831	30,453	126	45,410	-	45,410
Inter-segment:						
- Trading sales	223	-	1,718	1,941	(1,941)	-
- Management fee	-	-	3,588	3,588	(3,588)	-
Total revenue	15,054	30,453	5,432	50,939	(5,529)	45,410

NOTES TO THE FINANCIAL STATEMENTS (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
2020						
Results						
Fair value gain on financial assets	-	114	258	372	-	372
Rent concession related to Covid-19	-	-	20	20	-	20
Interest income	-	20	30	50	-	50
Rental income	28	225	178	431	(264) (B)	167
Reversal of impairment loss on trade receivables	261	53	-	314	-	314
Unrealised gain on foreign exchange	-	11	149	160	-	160
Miscellaneous income	78	1	118	197	-	197
Amortisation of right-of-use assets	-	-	(394)	(394)	-	(394)
Depreciation of property, plant and equipment	(2)	(60)	(577)	(639)	-	(639)
Depreciation of investment properties	-	(9)	(8)	(17)	-	(17)
Impairment loss on trade receivables	(246)	-	(28)	(274)	-	(274)
Interest expenses	-	-	(63)	(63)	-	(63)
Unallocated corporate expenses	(11,788)	(27,069)	(9,636)	(48,493)	5,750 (B)	(42,743)
	(11,669)	(26,714)	(9,953)	(48,336)	5,486	(42,850)
Segment profit	3,385	3,739	(4,521)	2,603	(43)	2,560

NOTES TO THE
FINANCIAL STATEMENTS
(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
2020						
Assets						
Additions to non-current assets	-	66	120	186	(28)	158
Tax recoverable	-	64	301	365	-	365
Segment assets	11,243	19,984	45,211	76,438	(25,561) (C)	50,877
	11,243	20,114	45,632	76,989	(25,589)	51,400
Liabilities						
Deferred tax liabilities	88	9	-	97	-	97
Tax payables	-	-	100	100	-	100
Segment liabilities	210	5,756	9,553	15,519	(8,885) (C)	6,634
	298	5,765	9,653	15,716	(8,885)	6,831
Capital expenditure						
Property, plant and equipment	-	66	120	186	(28)	158

* Inter-segment revenue, profit and transactions are eliminated on consolidation

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 other income and expenses are eliminated on consolidation.
- (C) Inter-segment assets and liabilities are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. OPERATING SEGMENTS (CONT'D)

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.

There are no major customers with revenue equal or more than 10% of the Group's total revenue.

30. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At AC RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
Group				
2021				
Financial Assets				
Investment securities	-	-	59	59
Trade receivables	12,233	-	-	12,233
Other receivables	1,412	-	-	1,412
Other investments	-	16,256	-	16,256
Cash and bank balances	6,690	-	-	6,690
Total financial assets	20,335	16,256	59	36,650
Financial Liabilities				
Trade payables	4,463	-	-	4,463
Other payables	1,662	-	-	1,662
Lease liabilities	802	-	-	802
Total financial liabilities	6,927	-	-	6,927
Company				
Financial Assets				
Other receivables	2	-	-	2
Amount due from subsidiary companies	9,582	-	-	9,582
Other investments	-	2,781	-	2,781
Cash and bank balances	643	-	-	643
Total financial assets	10,227	2,781	-	13,008
Financial Liability				
Other payables	57	-	-	57
Total financial liability	57	-	-	57

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	At AC RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
Group				
2020				
Financial Assets				
Investment securities	-	-	74	74
Trade receivables	9,647	-	-	9,647
Other receivables	742	-	-	742
Other investments	-	17,592	-	17,592
Cash and bank balances	6,011	-	-	6,011
Total financial assets	16,400	17,592	74	34,066
Financial Liabilities				
Trade payables	4,581	-	-	4,581
Other payables	1,401	-	-	1,401
Lease liabilities	639	-	-	639
Total financial liabilities	6,621	-	-	6,621
Company				
Financial Assets				
Other receivables	2	-	-	2
Amount due from subsidiary companies	8,519	-	-	8,519
Other investments	-	1,635	-	1,635
Cash and bank balances	229	-	-	229
Total financial assets	8,750	1,635	-	10,385
Financial Liability				
Other payables	107	-	-	107
Total financial liability	107	-	-	107

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 statements of financial position.

Concentration of credit risk

As at the end of the financial year, the Group has no major customers accounted for more than 10% of the total 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

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.

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

	Gross trade receivables RM'000	Allowance for impairment RM'000	Net balance RM'000
Group			
2021			
Current	4,511	(1)	4,510
<i>Past due or not impaired</i>			
- Less than 30 days	3,889	(3)	3,886
- 31 to 60 days	1,273	(4)	1,269
- 61 to 90 days	1,625	(1)	1,624
- more than 90 days	945	(1)	944
	12,243	(10)	12,233
Credit impaired			
More than 90 days			
- Individually impaired	68	(68)	-
	12,311	(78)	12,233
2020			
Current	5,755	(3)	5,752
<i>Past due or not impaired</i>			
- Less than 30 days	2,560	(7)	2,553
- 31 to 60 days	439	(6)	433
- 61 to 90 days	414	(2)	412
- more than 90 days	509	(12)	497
	9,677	(30)	9,647
Credit impaired			
More than 90 days			
- Individually impaired	298	(298)	-
	9,975	(328)	9,647

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

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

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
2021			
At 1 January	30	298	328
Impairment loss recognised	-	15	15
Impairment loss reversed	(20)	(234)	(254)
Written off	-	(11)	(11)
At 31 December	10	68	78
2020			
At 1 January	23	359	382
Impairment loss recognised	13	261	274
Impairment loss reversed	(6)	(308)	(314)
Written off	-	(14)	(14)
At 31 December	30	298	328

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 and the Company have a credit policy in place to control credit risk by deposit with banks.

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 statements of financial position.

Recognition and measurement of impairment loss

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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 and the Company manage the credit risk on an ongoing basis via the Group's and the Company'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 statements 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 and the Company are of the view that the 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 statements 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 indicates 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.

(ii) Liquidity risk

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

The Group and the Company actively manage their 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 and the Company maintain 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 and the Company's financial liabilities at the end of the reporting period either mature within one year or are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(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"), Pound Sterling ("GBP"), Euro Dollar ("EUR") and Brunei Dollar ("BND"). 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	GBP RM'000	EUR RM'000	Total RM'000
Group				
2021				
Financial Assets				
Trade receivables	60	-	-	60
Other receivables	1,106	-	5	1,111
Cash and bank balances	828	-	-	828
	1,994	-	5	1,999
Financial Liabilities				
Trade payables	(80)	(1)	-	(81)
	(80)	(1)	-	(81)
	USD RM'000	GBP RM'000	BND RM'000	Total RM'000
2020				
Financial Assets				
Trade receivables	148	-	-	148
Other receivables	5	-	-	5
Cash and bank balances	1,147	-	-	1,147
	1,300	-	-	1,300
Financial Liabilities				
Trade payables	(516)	(1)	(1)	(518)

NOTES TO THE FINANCIAL STATEMENTS (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, GBP, EUR and BND exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	Effect on profit before taxation	
		2021 RM'000	2020 RM'000
USD	Strengthened 5%	96	39
	Weakened 5%	(96)	(39)
GBP	Strengthened 5%	(1)	(1)
	Weakened 5%	1	1
EUR	Strengthened 5%	1	-
	Weakened 5%	(1)	-
BND	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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	
	2021	2020
	RM'000	RM'000
<hr/>		
Fixed rate instrument		
Financial Liability		
- Lease liabilities	802	639
	<hr/>	

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (Cont'd)

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.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
2021			
Financial Assets			
Investment securities	59	59	59
Other investments	16,256	16,256	16,256
2020			
Financial Assets			
Investment securities	74	74	74
Other investments	17,592	17,592	17,592
Company			
2021			
Financial Asset			
Other investments	2,781	2,781	2,781
2020			
Financial Asset			
Other investments	1,635	1,635	1,635

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.

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SIGNIFICANT EVENTS

Outbreak of Coronavirus Pandemic ("Covid-19")

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel and movement restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

At the reporting date, the Group have performed an assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 31 December 2021 save for reassessment on the credit risk of receivables, with further implementation of stringent credit controls to mitigate the risk of credit loss.

The Directors and management of the Group are not aware of any uncertainties arising after the end of the financial year that would have a significant impact on the current financial statements, including the financial continuity and sustainability of the Group as going concern for the next twelve (12) months.

33. COMPARATIVE INFORMATION

The following reclassifications were made to the financial statement of prior year to be consistent with current year presentation.

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<u>Consolidated Statement of Financial Position</u>			
Property, plant and equipments	4,843	(620)	4,223
Investment properties	-	620	620

There was no significant impact to the financial performance in relation to the financial year ended 31 December 2020.

34. 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 4 April 2022.

LIST OF PROPERTIES

Location of Property	Description (Existing Use)	Land Area Buildup Area (Sq ft.)	Tenure	Age of Building	Net Book Value as at 31.12.2021	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	25 years	RM664,686	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	15 years	RM336,058	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	15 years	RM336,058	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	19 years	RM308,203	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	19 years	RM293,539	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	51 years	RM253,086	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	25 years	RM234,213	June 1994
No. 89, Jalan Pendamar 27/90, Seksyen 27 40400 Shah Alam (PT No 4784)	Company Warehouse 1+1/2 storey factory	4,680 / 3,735	Freehold	25 years	RM1,485,000	July 2021

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

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
52	Less than 100	1,788	*
114	100 to 1,000	58,085	0.04
422	1,001 to 10,000	2,545,270	1.80
533	10,001 to 100,000	18,217,099	12.91
96	100,001 to less than 5% of issued shares	58,442,822	41.40
4	5% and above of the issued shares	61,895,076	43.85
1,221	TOTAL	141,160,140	100.00

* Less than 0.01%

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

	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.	JCBNEXT Berhad	6,233,100	4.42
6.	Soh Kian Teck	4,670,096	3.31
7.	Moke Joan Moon	4,527,950	3.21
8.	Chu Sou Taik	4,376,448	3.10
9.	Tee Meng Hock	3,613,683	2.56
10.	Tee Meng Hock	2,999,883	2.13
11.	Chu Sou Taik	2,270,400	1.61
12.	Ong Gee Leng	2,014,724	1.43
13.	Yee Kim Ee	1,779,330	1.26
14.	CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt an for DBS Bank LTD (SFS)	1,160,700	0.82
15.	Cher Lip Chun	1,024,802	0.73
16.	Sim Mui Khee	1,002,591	0.71
17.	Tey Ser Kok @ Teh Ser Kok	825,000	0.58
18.	Ng Kim Yuen	745,000	0.53
19.	Goh Foi Tee	743,800	0.53
20.	Cher Chou Chiang	740,000	0.52

ANALYSIS OF SHAREHOLDINGS (CONT'D)

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

	Name of Shareholders	No. of Shares Held	Percentage (%)
21.	Low Kwi Yeen	660,000	0.47
22.	Chuah Ying Hooi	650,000	0.46
23.	Cher Lip Ter	599,260	0.42
24.	Lim Chee Chin @ Lim Ching Sin	550,000	0.39
25.	Khor Meow Siang	522,300	0.37
26.	Lee Keng Fah	518,400	0.37
27.	Siau Jy Ne	515,840	0.37
28.	Lai Boon Kiat	500,000	0.35
29.	Chiang Siew Eng @ Le Yu Ak Ee	495,800	0.35
30.	Kor Beng	495,000	0.35
		106,129,183	75.20

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	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	-	-

Note:-

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

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

	NAME OF DIRECTORS	NO. OF SHARES HELD			
		DIRECT	%	INDIRECT	%
1.	Chee Long Sing @ Cher Hwee Seng	30,686,784	21.74	805,249 [#]	0.57
2.	Cher Lip Chun	1,024,802	0.73	66,000 [^]	0.05
3.	Cher Sew Seng	19,397,847	13.74	1,482,500 ^{##}	1.05
4.	Goh Ah Heng @ Goh Keng Chin	11,810,445	8.37	-	-
5.	Dato' Ismail bin Hamzah	-	-	-	-
6.	Tan Tian Wooi	-	-	-	-
7.	Datuk Wira Dr Goy Hong Boon	-	-	-	-

Notes:-

[#] Deemed interest by virtue of his direct shareholdings in Kumsan Enterprises (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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting (“AGM”) of **SCC HOLDINGS BERHAD** will be held on a virtual basis through live streaming and online remote participation and voting from the broadcast venue at Boardroom, No. 15A, Jalan Hujan, Taman Overseas Union, 58200 Kuala Lumpur, Wilayah Persekutuan (KL) on **Wednesday, 25 May 2022** at **2.30 p.m.** or at any adjournment thereof to transact the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 9)**

2. To approve the payment of Directors’ fees of up to RM72,000 for the financial year ending 31 December 2023 payable in arrears after each month of completed service of the Directors during the financial year. **(Ordinary Resolution 1)**

3. To re-elect the following Directors, who retire by rotation pursuant to Clause 165 of the Company’s Constitution and who being eligible, have offered themselves for re-election:
 - (i) Mr. Cher Sew Seng **(Ordinary Resolution 2)**
 - (ii) Dato’ Ismail bin Hamzah **(Ordinary Resolution 3)****(See Explanatory Note 10)**

Mr. Goh Ah Heng @ Goh Keng Chin who retire pursuant to Clause 165 of the Company’s Constitution, indicated his intention of not seeking re-election. Hence, he will remain in office until at the conclusion of this AGM.

4. To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS

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

5. **Proposed Retention of Independent Directors**

“**THAT** the following Directors, who have served as Independent Non-Executive Directors for a cumulative term of more than twelve (12) years, be retained and remained as Independent Non-Executive Directors of the Company

 - (i) Dato’ Ismail bin Hamzah **(Ordinary Resolution 5)**
 - (ii) Datuk Wira Dr. Goy Hong Boon” **(Ordinary Resolution 6)****(See Explanatory Note 11)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016")** **(Ordinary Resolution 7)**
(See Explanatory Note 12)

"THAT pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities Berhad ("**Bursa Securities**") pursuant to Bursa Malaysia Berhad's ("**Bursa Malaysia**") letter dated 23 December 2021 to grant an extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 23rd AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

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

By Order of the Board
SCC HOLDINGS BERHAD

WONG YUET CHYN (MAICSA 7047163)
(SSM PC No. 202008002451)
Company Secretary
Kuala Lumpur

Date: 29 April 2022

Notes:-

1. 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 AGM. The proxy appointed shall have the same rights as the shareholders to speak at AGM.
2. If a shareholder appoints more than 1 proxy, they must specify the proportion of the shareholder's shareholdings to be represented by each proxy.
3. A proxy need not be a shareholder.
4. 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.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or email to ir.scc@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
7. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities ("**AMLR**"), all resolutions set out in this notice will be put to vote by way of poll.
8. The members are encouraged to refer the Administrative Guide on registration and voting for the meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Note on Ordinary Business

9. Audited Financial Statements for financial year ended 31 December 2021

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

10. Re-election of Directors who will be retiring by rotation

The Proposed Ordinary Resolutions 2 and 3 in Agenda 3, if passed, will allow Mr. Cher Sew Seng ("**Mr. Cher**") and Dato' Ismail bin Hamzah ("**Dato' Ismail**"), to be re-elected and continued acting as Directors of the Company. Mr. Cher and Dato' Ismail being eligible, have offered themselves for re-election at this AGM pursuant to Clause 165 of the Constitution. The profiles of Mr. Cher and Dato' Ismail are set out in the Directors' Profile section of the 2021 Annual Report.

The Board (with exception of the retiring Directors who abstained) recommended the retiring Directors be re-elected as the Directors of the Company as they have character, experience, integrity, competence and time to effectively discharge their role as a Director of the Company.

The Board was further satisfied that Dato' Ismail is complied with his criteria of independence based on the AMLR and remain independent in exercising his judgement and carry out his role as an Independent Non-Executive Director.

Explanatory Notes on Special Business

11. Proposed Retention of Independent Directors

The Proposed Ordinary Resolutions 5 and 6 in Agenda 5, if passed, will allow Dato' Ismail and Datuk Wira Dr. Goy Hong Boon ("**Datuk Wira Dr. Goy**") to be retained and continue acting as Independent Directors to fulfill the requirements of Rule 15.02 of AMLR and in line with the recommendation 5.3 of the Malaysian Code of Corporate Governance. The full details of the Board's justification and recommendations for the retention of Dato' Ismail and Datuk Wira Dr. Goy as Independent Directors are set out in the Board's Corporate Governance Overview Statement in the 2021 Annual Report.

The proposed retention of Dato' Ismail and Datuk Wira Dr. Goy as Independent Non-Executive Directors of the Company will be voted through a two-tier voting process.

12. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016

The proposed Ordinary Resolution 7, is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022, after that, the 10% limit under Rule 6.04 of AMLR of Bursa Securities will be reinstated (hereinafter referred to as the "**General Mandate**").

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide Bursa Malaysia's letter dated 23 December 2021 allow a listed issuer to seek a higher general mandate under Rule 6.04 of AMLR of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities.

The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no shares had been allotted and issued since the General Mandate granted to the Directors at the last AGM held on 27 May 2021 and this authority will lapse at the conclusion of the 22nd AGM of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

ADMINISTRATIVE GUIDE

FOR SHAREHOLDERS ATTENDING THE 22ND ANNUAL GENERAL MEETING ("AGM") OF SCC HOLDINGS BERHAD

Meeting Day & Date	: Wednesday, 25 May 2022
Time	: 2.30 p.m.
Meeting Platform	: www.swsb.com.my
Platform for Communication	: Shareholders may submit questions to the Board of Directors (" Board ") prior to the AGM to ir.scc@shareworks.com.my no later than 2.30 p.m. on 23 May 2022 or to use the Question and Answer (" Q&A ") Platform to transmit questions to the Board via Remote Participation and Voting (" RPV ") facilities during live streaming.
Broadcast Venue	: Virtual basis through live streaming and online remote participation and voting from the broadcast venue at Boardroom, No. 15A, Jalan Hujan, Taman Overseas Union, 58200 Kuala Lumpur, Wilayah Persekutuan (KL).

Virtual Meeting

In view of the coronavirus disease 2019 ("**COVID-19**") pandemic and as part of safety measures against COVID-19, the AGM will be held on a fully virtual basis through live streaming and online remote voting by using RPV facilities.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the Meeting as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the AGM. The Broadcast Venue is also in accordance with Clause 106.2 of the Constitution of the Company which allows a general meeting to be held at more than one venue, using any technology or method that allows all members of the Company to participate and to exercise the members' right to speak and vote at the general meeting.

No Shareholders/Proxies/Corporate Representatives/Attorneys from the public shall be physically present at the Broadcast Venue on the day of the AGM.

All Shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the AGM will have to register to attend remotely by using the RPV Facility, the details of which is set out below.

RPV Facility

1. The AGM will be conducted on a fully virtual basis through live streaming and online remote voting. Should you wish to attend the AGM, you are required to register yourself using the RPV Facility in accordance with the instructions as set out under paragraph 3 below.

With the RPV Facility, you may exercise your rights as a Shareholder to participate including to pose questions (in the form of real-time submission of typed texts) to the Board of the Company and vote remotely at the AGM.

2. **Individual Members** are strongly encouraged to take advantage of the RPV Facility to participate and vote remotely at the AGM. Please refer to the details as set out under RPV Facility for information. If an Individual Shareholder is unable to participate in the online AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Shareholders (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV Platform. Corporate Members who wish to participate and vote remotely at the AGM must contact the poll administrator, ShareWorks Sdn. Bhd. ("**ShareWorks**") with the details set out below for assistance and will be required to provide the following documents to the Company no later than **23 May 2022 at 2.30 p.m.**:

- a. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
- b. Copy of the Corporate Representative's or proxy's identity card (MyKad) (front and back)/Passport; and
- c. Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Corporate Shareholders' remote participation request.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, the Corporate Member is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of **Nominee Company Members**, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the AGM using RPV Facility. Nominee Company Members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company no later than **23 May 2022 at 2.30 p.m.**:

- a. Form of Proxy under the seal of the Nominee Company;
- b. Copy of the proxy's identity card (MyKad) (front and back) / Passport; and
- c. Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Nominee Company Members' remote participation request.

If a Nominee Company Member is unable to attend the AGM, he/she is encouraged to request its Nominee Company to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3. The procedures for the RPV in respect of the live streaming and remote voting at the AGM is as follows:

Procedures		Action
Before the AGM		
(i)	Register as a user	<ul style="list-style-type: none">• If you have already registered an account at the website, you are not required to register again.• Access website www.swsb.com.my• Click “Login” and click “Register” to sign up as a user. The registration will be open from 2.30 p.m. on 30 April 2022 and close at 2.30 p.m. on 23 May 2022.• Complete the registration process and upload softcopy of MyKAD (front and back) or Passport for foreign shareholders.• Read and agree to the terms & condition and thereafter submit your request.• Upon submission, kindly login to the valid email address and verify your user ID within one (1) hour.• Upon verification of the user ID, ShareWorks will send an email notification to approve you as a user.• After verification of your registration against the General Meeting Record of Depositors of the Company as at 18 May 2022, the system will send you an email to notify you if your registration is approved or rejected after 19 May 2022.• If your registration is rejected, you can contact ShareWorks or the Company for clarifications or to appeal.

Procedures		Action
On the day of AGM		
(ii)	Login to www.swsb.com.my	<ul style="list-style-type: none">• Login with your user ID and password for remote participation at the AGM at any time from 2.00 p.m. i.e. 30 minutes before the commencement of the AGM on 25 May 2022 at 2.30 p.m.
(iii)	Participate through Live Streaming	<ul style="list-style-type: none">• Select the “Virtual Meeting” from main menu.• Click the “Join Meeting” located next to the event. You are required to provide your full name as per CDS records and your user registered email address.• Kindly click the video link and insert the password given to you in your email notification in order to join the live video streaming.• If you have any question for the Chairman/ Board, you may use the Q&A platform to transmit your question. The Chairman/Board will try to respond to all questions submitted by remote participants during the AGM. If time is a constraint, the responses will be emailed to you at the earliest possible time after the meeting ended.• Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(iv)	Online remote voting	<ul style="list-style-type: none">• Select “Voting” located next to the “Join Meeting” and indicate your votes for the resolutions that are tabled for voting.• Voting session will commence once the Chairman of the Meeting declare that the voting platform is activated and will announce the completion of the voting session of the AGM.• Cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(v)	End of RPV Facility	<ul style="list-style-type: none">• The RPV Facility will end and the Messaging window will be disabled the moment the Chairman of the Meeting announces the closure of the AGM.

Proxy

If a member is unable to attend the AGM, he/she may appoint a proxy or the Chairman of the meeting as his/ her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please note that if an individual member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM via RPV Facility, the individual member shall proceed to contact ShareWorks or the Company with the details set out below to revoke the appointment of his/her proxy no later than **23 May 2022 at 2.30 p.m.**

Poll Voting

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.31A(1) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolution is duly passed.

Pre-Meeting submission of question to the Board

To administer the proceedings of the AGM in orderly manner, shareholders may before the AGM, submit questions to the Board ir.scc@shareworks.com.my **no later than 23 May 2022 at 2.30 p.m.** The Board will endeavour to address the questions received at the AGM.

No Recording or Photography

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

No Breakfast/Lunch Packs, Door Gifts OR Food Vouchers

There will be **NO DISTRIBUTION** of breakfast / lunch packs, door gifts or food vouchers.

Digital Copies of AGM Documents

We further inform that the following items are now available at www.scc.com.my.

1. Annual Report 2021
2. Notice of the AGM
3. Proxy Form
4. Administrative Guide
5. Annual Report Request Form

Enquiry

If you have any enquiry prior to the virtual meeting, please contact Mr. Vemalan a/l Naraynan and Mr. Fong Wee Liam during office hours from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays (except public holidays):

ShareWorks Sdn. Bhd.

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone Number : 03-6201 1120
Fax Number : 03-6201 3121
Email : ir.scc@shareworks.com.my

- This page has been left blank intentionally -

**SCC HOLDINGS BERHAD**Registration No. 200001008871 (511477-A)
(Incorporated in Malaysia)**FORM OF PROXY**

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

I/We _____ (NRIC No./Passport No./Co. No. _____)
(FULL NAME IN BLOCK LETTERS)of _____
(FULL ADDRESS)

Email Address _____ Mobile Phone No. _____

being a member/members of **SCC HOLDINGS BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address	Contact No.	

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address	Contact No.	

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting ("AGM") of the Company which will be held on a virtual basis through live streaming and online remote participation and voting from the broadcast venue at Boardroom, No. 15A, Jalan Hujan, Taman Overseas Union, 58200 Kuala Lumpur, Wilayah Persekutuan (KL) on Wednesday, 25 May 2022 at 2.30 p.m. or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees for the financial year ending 31 December 2023		
2.	Re-election of Mr. Cher Sew Seng		
3.	Re-election of Dato' Ismail bin Hamzah		
4.	Re-appointment of Auditors		
5.	Retention of Dato' Ismail bin Hamzah as Independent Director		
6.	Retention of Datuk Wira Dr. Goy Hong Boon as Independent Director		
7.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(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 _____ 2022.

Signature(s) of member(s)

Notes:-

- 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 AGM. The proxy appointed shall have the same rights as the shareholders to speak at AGM.
- If a shareholder appoints more than 1 proxy, they must specify the proportion of the shareholder's shareholdings to be represented by each proxy.
- A proxy need not be a shareholder.
- 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.
- The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax 03-6201 3121 or email to ir.scc@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
- 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.
- The members are encouraged to refer the Administrative Guide on registration and voting for the meeting.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

SCC HOLDINGS BERHAD

Registration No. 200001008871 (511477-A)

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

1st fold here

SCC HOLDINGS BERHAD

200001008871 (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

www.scc.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0158
COMPANY NAME : SCC HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2021

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the stewardship of the Group and the direction of the management. It is responsible and accountable to the long term sustainable value creation for its stakeholders.</p> <p>The Group has documented clear policies to identify and segregate 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 operations.</p> <p>Their responsibilities are guided by the Board Charter, which has been reviewed and updated to be in line with the practices of Malaysian Code on Corporate Governance 2021 ("MCCG 2021") 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 CG Report which can be downloaded from SCC corporate website at www.sccholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Mr. Chee Long Sing @ Cher Hwee Seng ("Ben Cher") is the Executive Chairman of the Company. His profile is presented on page 5 of the company's Annual Report.</p> <p>The Chairman is responsible to, amongst others:</p> <ul style="list-style-type: none">i. Ensure that all relevant issues for the effective running of the Company's business are on the agenda;ii. Ensure that clear and quality information to facilitate decision-making is delivered to Board members on a timely basis;iii. Encourage all directors to play an active role in Board activities and facilitate the effective contributions of all members of the Board;iv. Chair general meetings of shareholders;v. Ensure that there is regular and effective evaluation of the Board's performance;vi. Ensure that every Board resolution and questions arising at any Board meeting to be decided by a majority of votes;vii. Ensure the integrity and effectiveness of the governance process of the Board;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, andix. Perform other responsibilities assigned by the Board from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognised 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's primary responsibility is to ensure the Board's effectiveness and conduct all aspects as stated in Practice 1.2.</p> <p>The Group does not have any Chief Executive Officer. Mr. Cher Lip Chun ("Adam Cher") being the Group Managing Director ("GMD"), has been assuming the role of the Chief Executive Officer and he is responsible for the overall management of day-to-day business operations and the implementation of key business decisions. In addition, he presents relevant business development plans to the Board, motivates employees as well as drives change and innovation within the Group.</p> <p>The roles and responsibilities of the Managing Director are as follows:</p> <ul style="list-style-type: none">i. Oversees the daily management of the Group's operations to ensure a smooth-running and effective business;ii. Develops and implements strategic policies as well as determines the directions of the Group with reference to effective risk management controls;iii. Ensures that the financial management is performed with the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner, in compliance with the relevant laws and regulations;iv. Ensures high management competency and that an effective management succession plan is in place for the continuity of operations;v. Directs and controls all aspects of the business operations in a cost effective manner;vi. To be the official spokesman of the Group and responsible for regulatory, governmental and business relationships;vii. Maintains and facilitates a positive working environment and good employee relations;viii. Manages the Group through collective efforts of the Executive Directors and General Manager and leads the Management team in carrying out their roles, duties and functions;

	ix. Attends to queries and concerns related to the Group raised by shareholders, investors, media, relevant authorities and the public; and x. Implements the policies, strategies and decisions adopted by the Board. All the Board authorities conferred on the Management is delegated through GMD. GMD has the authority and accountability over the said delegation as far as the Board is concern.			
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board, Mr. Chee Long Sing @ Cher Hwee Seng is not a member of Audit Committee ("AC") and Nomination Committee ("NC"), but a member of Remuneration Committee ("RC"). Also, the Chairman has been participating in AC and NC, by invitation.
	:	The Chairman of the Board, however, does not assume the position of chairman of AC, RC and NC. The Chairman of the committees are: (a) AC - Dato' Ismail bin Hamzah (b) RC - Datuk Wira Dr. Goy Hong Boon (c) NC - Dato' Ismail bin Hamzah
	:	The Chairman of the Board, Mr. Chee Long Sing @ Cher Hwee Seng is a member of RC and has been participating in AC and NC. Through his active participation and extensive board & corporate experience, the discussions and decisions made at these committees have greatly benefitted from his input. It is believed that the Board's objectivity in receiving and assessing committees' reports has not been diminished in any way. Notwithstanding, in acknowledgment of the spirit of this Practice 1.4, the Chairman does not also chair these committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	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 1.5

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by an external Company Secretary. The Company Secretary is qualified to act as Company Secretary under Section 235 of the Companies Act 2016 in that she is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. She is also registered with the Companies Commission of Malaysia ("CCM") under Section 241 of the Companies Act 2016 ("CA 2016") and is issued with practicing certificate by the Registrar of Company ("ROC").</p> <p>The Company Secretary provides the required supports to the Board in carrying out its duties and stewardship roles and plays an advisory role with regard 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 have full and unrestricted access to the advices and services of the Company Secretary and may obtain independent professional advices at the Company's expense in order to discharge their duties effectively. The Board is regularly being updated by the Company Secretary as well as external consultants on new guidelines, directions and new regulatory issues affecting the Group. The Company Secretary together with the Executive Directors and Finance Manager (Chief Financial Officer designated pursuant to the ACE Market Listing Requirements) assist the Chairman of the Board and Chairmen of Board Committees to deal with the Board agendas and to provide the relevant information and documents to the directors on a timely basis. The Board is satisfied with the support provided by the Company Secretary to the Board in discharging its duties.</p> <p>The Board is of the view that the Company Secretary is competent and has been keeping herself abreast of the evolving regulatory changes and developments by attending continuous education programs and relevant conferences, seminars and training programs.</p>
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

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 1.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board hold meetings at least four (4) times a year. An additional meeting to deal with urgent and important matters that require the attention of the Board is to be convened when necessary.</p> <p>A full agenda and relevant Board Papers have been circulated to all Directors at least five (5) days in advance prior to each Board meeting.</p> <p>Board members are required to attend the Board meetings. The attendance of each Director at the meetings held during the financial year is disclosed under Directors' Profile of Annual Report. Other senior officers may be attending the meetings, by invitation, for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitor and consultants as and when the need arises.</p> <p>The Board Papers 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 the Board Meetings and to contribute their knowledge, skills and abilities.</p> <p>Urgent matters that require immediate attention can be dealt with by circulating resolution. A resolution signed and approved by the majority of the Directors shall be valid and effectual as if it had been passed at the 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 the meetings shall reflect accurately the deliberations and decisions of the Board, including whether any Director was abstained from voting or deliberating on a particular matter.</p> <p>The Company Secretary will communicate to the relevant management on the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be</p>

	taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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>Besides setting out the roles and responsibilities of the Board, the board charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, investor relations and shareholder communication.</p> <p>The board charter would be reviewed periodically 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 www.sccholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics applied to the Board can be found in item 3.1.7 of the board charter which is published on the company's website at www.sccholdings.com.my.</p> <p>To prevent the abuse of power, corruption, insider trading and money laundering, job segregations and limit of authorities had been determined with separate duties and approvals being delegated to different personnel at different authority limits.</p> <p>The Audit Committee will review the related party transactions on a quarterly basis. All employees are required to declare any relationship with any stakeholders annually to Human Resources Department in order to minimize the risk of conflict of interest.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised Whistleblowing Policies and Procedures ("WBPP") on 30 April 2018 and published it on the Company's website. The 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 responsibilities for implementing the Whistle Blowing procedures to a guardian/custodian of the Whistle Blowing procedure within the Company.</p> <p>The details of the Whistleblowing Policy are available for reference at the Company's website at www.sccholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board together with Management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. Performance against these targets is communicated to the Company's internal and external stakeholders.</p> <p>In line with the recommendation of the Malaysian Code of Corporate Governance ("MCCG"), the Board takes into consideration the Company's performance in managing material sustainability risks and opportunities when determining the appropriate level of remuneration for Directors and Senior Management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	As a Group, the well-being of customers, employees and other stakeholders as well as the environment is crucial in sustaining the Group's long term performance. The Board factors in these sustainability considerations and ensures that the Company's strategies, priorities and targets are communicated to internal and external stakeholders. As such, the Company incorporates Economic, Environment and Social ("EES") risks and opportunities into the business decisions, given their heightened materiality in decision-making considerations of stakeholders. The description of SCC Group's sustainability agenda is spelled out in its Sustainability Statement which can be found in Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Company's sustainability agenda aims to make the Company more resilient to disruptions, flexible to change and accountable to the "triple bottom line" (TBL) of Economic, Environment and Social ("EES"). The Company views sustainability as an ongoing and rewarding journey which the Company is committed to continuously engage in and undertake. During the year under review, the Managing Director has attended and participated in program that covered the areas of sustainability.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	There were no performance evaluations of the board and senior management in addressing the company's material sustainability risks and opportunities.	
		The Board will consider including the review of the performance in terms of sustainability risks and opportunities in future performance evaluations.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee assessed the performance of the Directors standing for re-election at the Company’s 21 st Annual General Meeting via the Board Evaluation (“BE”). Amongst others, the BE assessed the Directors’ competencies, commitment, contribution, performance, independence and their ability to act in the best interest of the company as a whole.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>In accordance with the Company's Constitution, the number of total directors of the Board shall not be less than two (2) and more than twelve (12).</p> <p>The requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") on the composition of Board is at least two (2) directors or one-third (1/3) of the Board, whichever higher, to be independent.</p> <p>The recommended good practice will be taken 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>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have served as Independent Directors for a cumulative term of more than nine (9) years.	
		The proposed retention of them as Independent Directors will be voted through a two-tier voting process at the forthcoming Annual General Meeting of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	There were no procedures and criteria established for the assessment of potential candidates for the appointment to the board and senior management.	
		The Board will establish a guideline outlining the criteria and process in considering new appointments to the board taking cognisance of diversity in skills, experience, age, cultural background and gender.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company practices a formal and transparent procedure for the appointment of its new directors.</p> <p>The Board delegates to the Nomination Committee ("NC") the responsibility to establish a formal and transparent procedure for the nomination and appointment of new Directors to the Board. Such responsibilities include screening, conducting initial selection of internal and external candidates, performing requisite evaluation and assessment on candidates' ability to discharge their duties effectively and efficiently. The NC also ensures candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge their role as directors and are able to meet the demands of the ever changing landscape of the industry.</p> <p>Furthermore, the Board continues to build a database of potential candidates collated from various independent sources as well as other sources like industry acquaintance.</p> <p>There was no new appointment of director during the financial year 2021.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>Through the Board Evaluation ("BE"), the Nomination Committee ("NC") had assessed the directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution and their ability to act in the best interest of the Company.</p> <p>The Board at its meeting held on 6 April 2021 endorsed the recommendation of the NC for the following directors to be considered for re-election pursuant to the following relevant Clause of SCC Group's Constitution at its 21st AGM.</p> <p><u>Clause 165</u></p> <p>(i) Mr. Chee Long Sing @ Cher Hwee Seng (ii) Mr. Cher Lip Chun (iii) Datuk Wira Dr. Goy Hong Boon</p> <p>The candidates also declared as follows:</p> <p>(a) No conflict of interest with SCC Holdings Berhad (b) No conviction of offences within the past 5 years other than traffic offences, if any. (c) Does not hold more than five directorships in listed issues.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominating Committee (“NC”) is chaired by Independent Non-Executive Director. The members of the NC are as follows:</p> <p><u>Chairman</u> Dato’ Ismail bin Hamzah (Independent Non-Executive Director)</p> <p><u>Members</u> Datuk Wira Dr. Goy Hong Boon (Independent Non-Executive Director) Tan Tian Wooi (Independent Non-Executive Director)</p>	
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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board believes that competency and skills 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>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	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 merits and not driven by a racial or gender bias.	
		The Board believes that the Company's existing processes have served the purpose of a formal policy on diversity. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. In consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and allow for informed and constructive discussion as well as effective decision making at meetings of the Board and Board Committees.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee ("NC") is delegated for evaluating the effectiveness of the Board, Board Committees and performance of each individual director. Committee members are to complete separate questionnaires in relation to the process of the Board and its Committees, their effectiveness and suggested improvements.</p> <p>The evaluation process also involves peer and self-review assessments, where directors would assess their own performance and that of their fellow directors. These assessment and comments will then be discussed among the NC members and the collective conclusion is to be reported to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The long-standing practice in determining executive directors and senior management's remuneration is based on the Chairman's recommendation and performance bonus payments associated with company and individual performance. The Chairman has in-depth knowledge of the demands, complexities and performance of the directors and senior management.	
		Fees for non-executive directors are determined on a yearly basis and all the directors agreed that these are aligned with market practice.	
		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>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 7.2

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.

Application	:	Applied
Explanation on application of the practice	:	The Remuneration Committee ("RC") comprises three (3) members. Their authority and duties as well as functions are clearly defined in the Terms of Reference of the RC, which is accessible on the Company's corporate website at www.sccholdings.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 8.1

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.

Application	:	Applied
Explanation on application of the practice	:	

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	CHEE LONG SING @ CHER HWEE SENG	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	223	30	21	1	275
2	CHER SEW SENG	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	288	38	11	14	351
3	GOH AH HENG @ GOH KENG CHIN	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	223	29	21	11	284
4	CHU SOO MENG	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	283	Input info here	Input info here	35	318
5	CHER LIP CHUN	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	360	27	21	47	455
6	DATO' ISMAIL BIN HAMZAH	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	24	Input info here	Input info here	Input info here	2	Input info here	26
7	DATUK WIRA DR. GOY HONG BOON	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	24	Input info here	Input info here	Input info here	2	Input info here	26
8	TAN TIAN WOOI	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	24	Input info here	Input info here	Input info here	2	Input info here	26
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 8.2

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.

Application	:	Not applicable - all members of senior management are members of the board	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee is Dato' Ismail bin Hamzah, an Independent Non-Executive Director and is not the Chairman of the Board. This ensures that the Board is able to objectively review the audit and risk findings and recommendations.</p> <p>The profile of Dato' Ismail bin Hamzah is available on page 6 of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Audit Committee ("AC") has yet to revise its Terms of Reference to include a clause on a minimum cooling-off period of three (3) years before a former key audit partner can be appointed as a member of the Audit Committee.	
		The AC expects to formulate a policy and revise its Terms of Reference to include the said clause 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>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Audit Committee ("AC") has yet to formulate policies and procedures to assess the suitability, objectivity and independence of the external auditor.	
	:	The AC 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>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee of the Group comprises the following members:</p> <p><u>Chairman</u> Dato' Ismail bin Hamzah (Independent Non-Executive Director)</p> <p><u>Members</u> Datuk Wira Dr. Goy Hong Boon (Independent Non-Executive Director) Tan Tian Wooi (Independent Non-Executive Director)</p>

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

Application	:	Applied	
Explanation on application of the practice	:	Audit Committee members possess a wide range of necessary skill as recommended by MCCG. The AC members’ profile is disclosed in Directors’ Profile of the Annual Report 2021.	
		Audit Committee members acknowledged the need for continuous education trainings. For the year under review, the trainings attended by the members of AC are as follows:	
		Director	Trainings/ Seminars Attended
		Dato’ Ismail bin Hamzah	• Energising Board Stewardship and Governance Compliance Webinar • Securities Commission’s Audit Oversight Board (AOB) Conversation with Audit Committees
		Datuk Wira Dr. Goy Hong Boon	• Managing your wealth in 2022
		Tan Tian Wooi	• MIA Virtual Conference Series: Capital Market Conference 2021 • MIA Webinar Series: Contemporary Issues in Complying with IFRS/ MFRS15 Revenue from Contracts with Customers
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 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Company has a risk management framework and internal control systems in place to ensure the smooth running of the business with the aim to manage the risks and control of the Company's business and financial affairs economically, efficiently and effectively to be able to seize profitable business opportunities in a disciplined way while avoiding or mitigating risks that could cause loss, reputational damage or business failure. The Board has disclosed the main features of the risk management framework and internal control system in Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Company’s risk management and internal control framework, which cover their adequacy and effectiveness are disclosed under the Statement of Risk Management and Internal Control in Annual Report 2021.	
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 10.3 - 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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is outsourced to CGRM Infocomm Sdn Bhd (“CGRM”), an independent professional that is a 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 annual basis, CGRM provided the Board with a signed declaration of competency and the list of training attended by the audit engagement team. During 2021, three (3) internal audit reviews were performed with reference to the Internal Standards for Professional Practice of Internal Auditing with reports prepared and presented to the AC and subsequently, the AC Chairman briefed the reports to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 11.2

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	Annual General Meeting has been conducted annually to enable face-to-face communication with the Board and management team. Stakeholders are encouraged to post their questions during the general meeting. Also, an Investor Relation ("IR") section is featured on the Company's corporate website with latest announcements, annual and quarterly reports, share prices, IR contact and further links for corporate information, shares information, financial information and entitlements posted from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 13.1

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	:	On 28 April 2021, the Company had despatched the notice of its 21 st Annual General Meeting (“AGM”) to shareholders, at least 28 days prior to the meeting which was held on 27 May 2021. The additional time given to shareholders is to allow them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.	
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 13.2

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, the Company Secretary and the external auditors were present at the 21 st Annual General Meeting of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>At the 21st Annual General Meeting ("AGM") of the Company held on 27 May 2021, the AGM was conducted by leveraging on technology, holding the AGM virtually in its entirety via Remote Participation and Voting ("RPV") facilities which the facilities were provided by ShareWorks Sdn. Bhd. ("ShareWorks") via its website at www.swsb.com.my. ShareWorks was appointed as the Company's Poll Administrator.</p> <p>The Company had appointed SharePolls Sdn. Bhd. as the Independent Scrutineer to verify the poll results at the AGM.</p> <p>SharePolls Sdn. Bhd. as the appointed Scrutineers, upon verification of the poll results, announced the results for each resolution, which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day of the benefits of all shareholders.</p> <p>The virtual AGM was streamed on ShareWorks' website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM. Detailed procedures were provided to the shareholders in the Administrative Guide for shareholders of the AGM sent through email and by ordinary post.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	The 21 st Annual General Meeting ("AGM") of the Company was held on 27 May 2021. The Board had endeavoured to answer all questions posed by the shareholders at the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>The 21st Annual General Meeting (“AGM”) of the Company held on 27 May 2021 was conducted by leveraging on technology, holdings the AGM virtually in its entirety via Remote Participation and Voting (“RPV”) facilities. The virtual AGM was streamed on ShareWorks’ website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely.</p> <p>The detailed procedures to participate the meeting remotely were provided to the shareholders in the Administrative Details of the AGM sent through email and by ordinary post.</p> <p>The Chairman, Managing Director (“MD”) and Company Secretary attended the AGM physically at the Broadcast Venue whereas other Board members and Shareholders attended the AGM virtually via ShareWorks’ website.</p> <p>The Company Secretary read the question posed by the shareholder and the Chairman and/or MD answered the question accordingly.</p> <p>The AGM proceeding was conducted smoothly with RPV facilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The minutes of the 21 st Annual General Meeting ("AGM") of the Company held on 27 May 2021 were not circulated to the shareholders.
		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>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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.

Click or tap here to enter text.

