



Green Solutions for the Future of the **WORLD & MANKIND**

ANNUAL REPORT
2016



SCC HOLDINGS BERHAD
511477-A

www.scc.com.my

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THE VISION & MISSION

Together we build green and wellness enterprises

We strive to lead more people towards green and healthy living

OBJECTIVE For the health of next generation and future earth

OUR CORE VALUES

- ▶ **People**
We believe in our workforce. "SCC People" have a strong work ethic, are passionate with dedication to every success, and are a bond of love and care. We are committed to expand the potential of "SCC People" through the support of continuous education & training.
- ▶ **Innovation**
We continuously develop and try out new ideas and concepts in anticipation of our customers present and future needs.
- ▶ **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

BOARD OF DIRECTORS

Chee Long Sing @ Cher Hwee Seng
Executive Chairman

Cher Sew Seng
Managing Director

Goh Ah Heng @ Goh Keng Chin
Executive Director

Cher Lip Chun
Executive Director

Chu Soo Meng
Executive Director

Dato' Ismail bin Hamzah
Independent Non-Executive Director

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

Dr. Goy Hong Boon
Independent Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

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

SHARE REGISTRAR

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

REGISTERED OFFICE

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

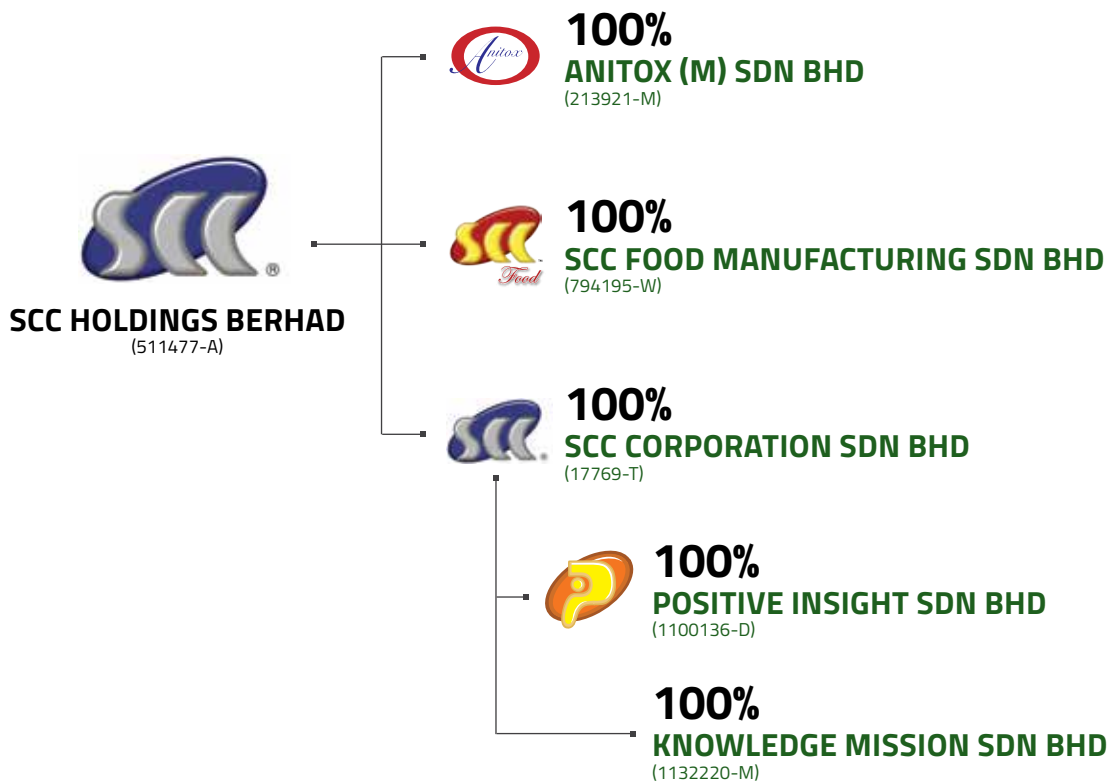
AUDITORS

Baker Tilly Monteiro Heng (AF0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan (KL)

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
Listed on 3 August 2010

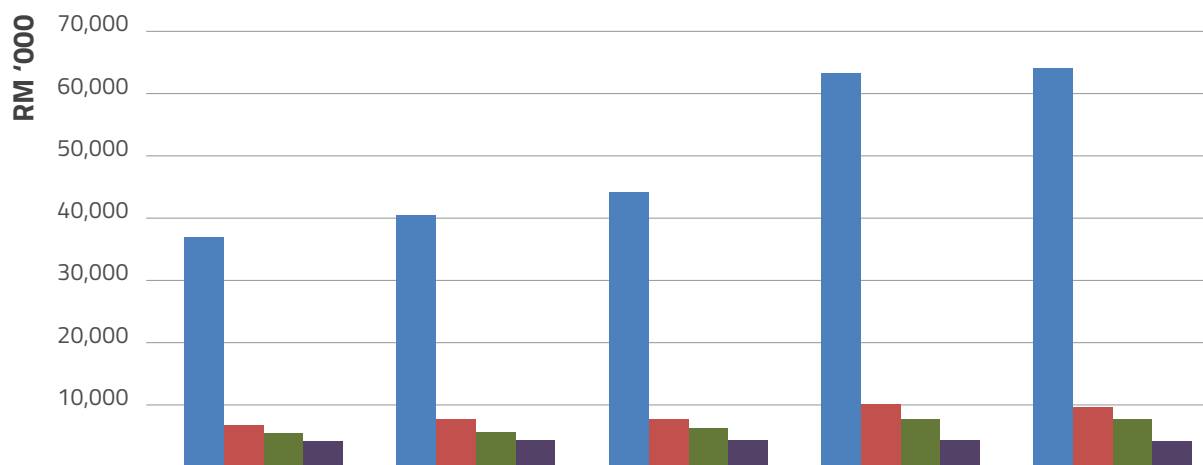
CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

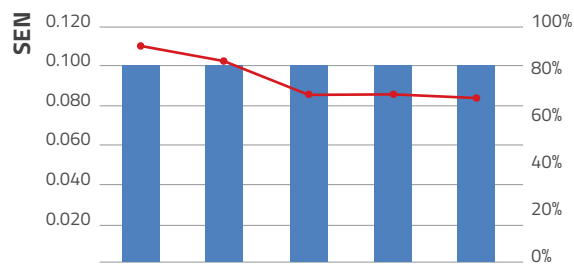
	FORMAT	2012	2013	2014	2015	2016
Revenue	RM '000	34,973	38,692	42,246	60,374	60,646
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM '000	6,156	6,936	9,228	9,258	9,402
Profit For The Year Attributable to Equity Holders	RM '000	4,576	5,198	6,574	6,406	6,777
Profit For The Year Margin	%	13.08	13.43	15.56	10.61	11.17
Shareholders' Equity	RM '000	30,555	31,471	33,780	35,924	38,468
Return On Shareholders' Equity	%	14.98	16.52	19.46	17.83	17.62
Basic Earnings Per Share	SEN	10.70	12.16	15.38	14.98	15.84
Interim and Special Dividend Per Share	SEN	10.00	10.00	10.00	10.00	10.00

SCC HOLDINGS BERHAD EARNING TREND



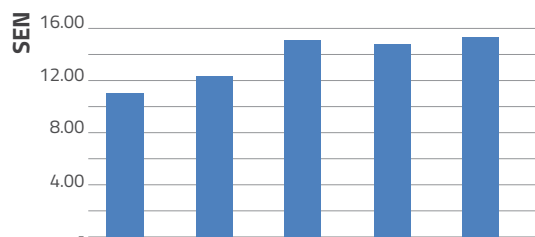
	2012	2013	2014	2015	2016
Revenue	34,973	38,692	42,246	60,374	60,646
Group PBT	6,342	6,889	9,015	8,806	8,736
Group PAT	4,576	5,198	6,574	6,406	6,777
Dividend	4,276	4,276	4,276	4,276	4,278

SCC HOLDINGS BERHAD DIVIDEND TREND



	2012	2013	2014	2015	2016
Dividend/Share	0.100	0.100	0.100	0.100	0.100
Div/% of PAT	93.44%	82.26%	65.04%	66.75%	63.13%

SCC HOLDINGS BERHAD EPS (SEN) TREND



	2012	2013	2014	2015	2016
EPS (SEN)	10.70	12.16	15.38	14.98	15.84

DIRECTORS' PROFILE

Chee Long Sing @ Cher Hwee Seng (Ben Cher)

Executive Chairman
Malaysian
Aged 73
Male

- ▶ Mr Ben Cher was appointed to our Board on 17 April 2000 and was appointed as Executive Chairman and member of the Remuneration Committee on 1 April 2010. He is a co-founder of the Group. He is responsible for our Group's business development activities. He co-founded a partnership, Cheong Cheng Trading Co. in 1972, which was engaged in the provision of animal health products. In 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. He was appointed as the Managing Director in 1974 before being appointed to Executive Chairman in 1988. Mr Cher has more than 44 years of experience in the animal health products and foodservice equipment industries. Mr Ben Cher is the elder brother of Mr Francis Cher, uncle of Mr Chu Soo Meng and father of Mr Adam Cher.

Cher Sew Seng (Francis Cher)

Managing Director
Malaysian
Aged 67
Male

- ▶ Mr Francis Cher was appointed to our Board on 17 April 2000 and was appointed as Managing Director on 1 April 2010. Mr Francis Cher is a co-founder of the Group. He is responsible for the overall business strategies and management. He joined Cheong Cheng Trading Co. as a Sales Executive in 1972. Later in 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. He was appointed as a Director in 1976 before being appointed as Managing Director in 1988. Mr Francis Cher has more than 39 years of experience in the animal health products and foodservice equipment industries. He is the younger brother of Mr Ben Cher, uncle of Mr Chu Soo Meng and Mr Adam Cher.

Goh Ah Heng @ Goh Keng Chin

Executive Director
Malaysian
Aged 71
Male

- ▶ Mr Goh was appointed to our Board on 1 April 2010 and is our Executive Director. Mr Goh is a co-founder of the Group. He is responsible for the sales, marketing and overall management of our Animal Health Products Division ("AHPD"). He co-founded Cheong Cheng Trading Co. in 1972. In 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. Mr Goh was appointed as a Director in 1976 before being appointed to Sales Director in 1982. Mr Goh has more than 39 years of experience in the animal health products and foodservice equipment industry.

Chu Soo Meng

Executive Director
Malaysian
Aged 52
Male

- ▶ Mr Chu was appointed to our Board on 2 July 2012 and is our Executive Director. Mr Chu is responsible for the sales and marketing and overall management of FSED. He obtained his Sijil Pelajaran Malaysia from Sekolah Menengah Datuk Bentara Luar, Batu Pahat, Johor in 1983. He started his career with SCC Corporation Sdn Bhd as a Service Representative in FSED in 1984. He later served as a Sales Executive before being promoted to Regional Sales Executive in 1995. In 1998, he was promoted to Sales Manager and has been our FSED Division Manager since 2007. Mr Chu has more than 32 years of experience in foodservices equipment industry. He is the nephew of Mr Ben Cher and Mr Francis Cher, and cousin with Mr Adam Cher.

Cher Lip Chun (Adam Cher)

Executive Director
Malaysian
Aged 41
Male

- ▶ Mr Adam Cher was appointed to our Board on 2 July 2012 and is our Executive Director. He is responsible for the overall sales & administration of SCC Food Manufacturing Sdn Bhd and business development activities of the Group. He obtained his Bachelor of Business (Marketing/International Business Management) from Charles Sturt University, Australia in 2002. In 2005, he joined SCC Corporation Sdn Bhd as Assistant Marketing Manager in the Foodservice Equipment Division ("FSED"), where he was responsible for the management of FSED's key customers. In 2008, he was promoted to Personal Assistant to the Executive Chairman and Business Development Manager of the Group, for both AHPD and FSED. In 2010, Mr Adam Cher was appointed as Alternate Director to Chee Long Sing @ Cher Hwee Seng. Mr Adam has more than 12 years of experience in the animal health products and foodservice equipment industries. He is the son of Mr Ben Cher, nephew of Mr Francis Cher and cousin with Mr Chu Soo Meng.

DIRECTORS' PROFILE (CONT'D)

Dato' Ismail bin Hamzah
Independent Non-Executive
Director
Malaysian
Aged 71
Male

- Dato' Ismail was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director. He is the Chairman of our Nomination Committee and a member of our Audit Committee and Remuneration Committee. Dato' Ismail obtained his Bachelor of Economics (Hons) in Analytical Economics from the University of Malaya in 1970. Upon graduation, he joined the Administrative and Diplomatic Service and served in the Ministry of Finance as an Assistant Secretary. He has over 33 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 Goh Ban Huat Berhad, JKG Land Berhad and GUH Holdings Berhad as well as the Independent Non-Executive Chairman of Engtex Group Berhad.

Dato' Dr. Choong Tuck Yew
Independent Non-Executive
Director
Malaysian
Aged 78
Male

- Dato' Dr. Choong Tuck Yew was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director. He is the Chairman of our Audit and Remuneration Committees and a member of our Nomination Committee. Dato' Dr. Choong, who possesses a Master of Business Administration and a Doctor of Commercial Science from Oklahoma City University, USA, is a Chartered Accountant (Malaysian Institute of Accountants) as well as a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of CPA Australia, the Malaysian Institute of Chartered Secretaries and Administrators, Chartered Tax Institute of Malaysia, and a Chartered Fellow, as well as a Chartered Audit Committee Director of the Institute of Internal Auditors Malaysia.

In the early years of his career, Dato' Dr. Choong worked as an Accountant in several private companies prior to his joining Bank Negara Malaysia (The Central Bank of Malaysia) in 1968. In 1987, he was promoted as the Chief Manager in charge of supervising all the branches of Bank Negara Malaysia. In 1990, he was seconded by Bank Negara Malaysia as the Managing Director of Visia Finance Berhad, a licensed finance company. Currently, Dato' Dr Choong is also the Deputy Chairman of C&C Investigation Services Sdn. Bhd., a licensed private investigation agency approved by the Malaysian Ministry of Home Affairs.

In addition, he is also the Senior Independent Non-Executive Director of Poh Kong Holdings Berhad and an Independent Non-Executive Director of UOB Asset Management (Malaysia) Berhad. He has been a guest speaker at various conferences in Malaysia as well as abroad.

Dr. Goy Hong Boon
Independent Non-Executive
Director
Malaysian
Aged 45
Male

- Dr. Goy was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director and member of Audit Committee and Nomination Committee. He has vast of experience in the field of equity capital market and information technology sectors. He begins his career in corporate finance with a leading International Investment Bank in 1995, where his last held position as Head of Corporate Finance unit. He then moved on to a leading local securities firm as Vice President for Business Development and Corporate Advisory. Thereafter, he ventured into ICT businesses prior to pursue his profession as consultant and advisor for Mergers & Acquisitions, corporate restructurings and project financing. He graduated with Bachelor of Business Administration from American Intercontinental University of London (now known as Regent's University London) in 1992. He also holds an MBA (Finance) from Oklahoma City University in 1994. He possesses a Doctorate in Business Administration from Northwest University. He was awarded a Master of Financial Professional (MFP) certification from American Academy of Financial Management. He is a member of Chartered Audit Committee Director from The Institute of Internal Auditors Malaysia.

Other Information :

- (a) *Conflict of Interest : None of the Directors has any conflict of interest with SCC Holdings Berhad.*
- (b) *Conviction of Offenses : None of the Directors has been convicted for any offenses within the past 5 years other than traffic offenses, if any.*

A WORD FROM THE CHAIRMAN

THE AGITATED 2016

The global business environment faced unrest in 2016, with slower economy growth in USA, China and the long slump in the Eurozone.

Malaysia had its own set of challenges, even with the GST impact had settled down, many businesses faced with higher operating cost and most are affected by the volatility of Ringgit Malaysia exchange rate against major currencies.

The world keeps revolving with uncertainties, with a new USA President, on-going Brexit execution and changes in policies by EU countries, anything went wrong for any reason would bring chaos and hugely affect the world's economy.

Asia is not spared with problems in South Korea, the refugees' problem from Middle East, rising terrorists activities threatening the world and tensions in South China Sea all poised to create larger trouble if not handled carefully.

Even so, I am pleased that the management and Board of Directors of SCC Holdings Berhad (SCC) were unfazed by these external circumstances, and choose to focus our efforts on strengthening our core business, at the same time continue to improve and transform ourselves to fit in this new era.

The SCC team worked really hard in 2016 and achieved quite remarkable results despite adverse economic environment. Their hard works brings great return to the Group and enabled us to declare and pay total dividends of RM0.10 per share for FYE2016. This shows that any investment in SCC Holdings Berhad will be a great investment for the long term as we are a stable, reliable and a no nonsense company.

We believe that tomorrow can only be better for SCC.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

We are the distributor and dealer for many well-known international brands of foodservice equipment and food supplies which includes Henny Penny, Bunn-O-Matic, TurboChef, Gold Medal etc. for our foodservice equipment division (FSED) which serve the F&B markets including cinemas, hypermarkets, restaurants and cafés among others.

Our animal health products division (AHPD) supplies animal health feed additives, non-antibiotic products and essential feed commodities to the livestock sector including poultry, swine, layers, aquatic and feed millers.

The food manufacturing division (SCCFM) which produces food premixes such as fried chicken powder premix, nasi lemak powder premix, nasi ayam powder premix and Belgium waffle powder premix, among others, to FSED for domestic markets consumption.

Most of the business transactions are conducted within Malaysia with a few exceptional cases.

We pride ourselves as a total solutions provider and not just a trader to our customers. We treat this value as our sustainable competitive advantages and the value that most customers are seeking which covers advices, R&D, planning, commissioning, technical supports and after sales services for all of our products.

Our financial results and highlights for the past 5 years are shown in page 4.

BUSINESS REVIEW

Despite a generally stagnant and soft economic landscape, coupled with adverse foreign exchange rate faced by Ringgit Malaysia, we managed to improve our total revenue, albeit slightly, to RM60.65 million compared to RM60.37 million in FYE 2015. Our net margin also improved slightly to RM6.77 million compared to RM6.41 million in FYE 2015.

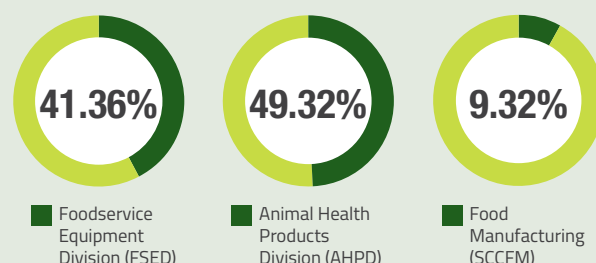
Throughout the year, our team worked extremely hard and this has enabled us to withstand macro-economic pressures as well as intense competition to further enhance our value to the customers.

FINANCIAL AND DIVIDEND

During the financial year, SCC had declared 2 interim single tier tax exempted dividends totalling RM0.10 per share amounted to RM4,277,580.00.

No final dividend has been proposed by the Board for the FYE 2016.

GROUP REVENUE BY BUSINESS SEGMENTS



BUSINESS SEGMENT PERFORMANCE REVIEW

Foodservice Equipment Division (FSED)

FSED performed extremely well for FYE 2016 where it managed to strike through the difficult financial year and outdone its previous year result. The segment grew by 8.81% as compared to FYE 2015's revenue and contributed 41.36% to overall revenue of the Group.

Major improvement came from the food supplies category that attained overall growth of 12.50% in which our in house produced food premixes grew by 30.40% compared to FYE 2015.

Other combined categories of FSED revenue grew at 10.00% with the exception of spare parts and after sales services revenue that contracted by 6.85% due to lower sales of spare parts.

FSED contributed 41.36% of total SCC Group's revenue in FYE 2016 while contributed 46.37% in FYE 2015.

Animal Health Products Division (AHPD)

Contrasting to FYE 2015, the commodity of amino acid took a dip in FYE 2016 with an average reduction of selling price by 29.50% which hampered the performance of AHPD in FYE 2016. The overall division's revenue was down by 6.90% to RM29.92 million as opposed to RM32.13 million in FYE 2015. As of FYE 2016, AHPD contributed 49.32% of total SCC Group's revenue.

Excluding the amino acid commodity, other AHPD's product generated revenue of RM20.42 million which is 9.50% higher than RM18.65 million achieved in FYE 2015. The main contribution factor is due to the introduction of a new product from new distributorship obtained during the year.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Food Manufacturing (SCCFM)

SCCFM continuous R&D effort in new recipes and ingredients has contributed to the growth of the premixes sales for FSED in the domestic markets. However, its venture into export market took a step back due to packaging issues and caused a loss for the financial year. The matter had been rectified and the division is looking forward to bounce back in year 2017.

OUTLOOK AND PROSPECT

The Malaysia Ministry of Finance in The Malaysia Economy Report 2016/2017 projected private consumption to expand by 6.3% in 2017. Through the improved income support initiatives announced in Malaysia Budget 2017, such as BR1M, which will benefit 7 million recipients with allocation of RM6.8 billion from the budget, the lower income group shall have higher disposable income and this could benefit selected industries including businesses in F&B industry.

SCC is venturing into e-commerce and looking to launch its e-commerce platform to introduce its in house products such as premixes as well as selected Fast Moving Consumer Goods (FMCG) products to the market in near future.

Livestock sector grew by 4.9% in 2016 as reported by *Malaysia Economy Report 2016/2017*. However the industry faced increased operating cost due to inflated prices of imported feed. Should the trend continue into year 2017, we expect the industry would search for alternative feed additive products to replace premium priced imported products which could affect AHPD's performance.

Apart from unforeseeable external factors, we foresee RM vs USD to stabilise at current level and become less volatile. This should ease the burden of SCC in formulating its pricing and help in retaining its customers and at the same time, plan for diversification and penetration into new markets.

CORPORATE SOCIAL RESPONSIBILITIES

In carrying out our duties as a responsible and caring corporation, SCC participates in various social communities activities which promote caring, innovative and development programmes towards underprivileged communities, promote ideas and innovation and also continuous development for talents, internally and externally.

Participation in the **"Rumah Kanak-kanak Angel Fund Raising Charity Event"** had become an annual event where SCC sponsored our products such as pop-corn, iced coffee and iced lemongrass tea to them and our employees helped to sell them during the event. All proceeds from the sale of the sponsored products were channelled to the orphanage home that took care of the orphans, abused, abandoned and underprivileged children located in OUG, Kuala Lumpur.

SCC encourages new ideas and innovation by participating as a TEDx Petaling Street Event Partner for the second year in 2016.

TEDx Petaling Street is the first Chinese spoken TEDx event in Malaysia. This was a vision shared by those who believed that the art of storytelling is further refined if conveyed in native mother tongue. The aim of the event is to spread the word out by gathering many talented Malaysians with positive and successful stories and give them an opportunity to spread their ideas and passion with others.

We provided the participants with our fried chicken, fried noodles and mee hoon.



Internally, we emphasize on continuous development of employees by providing various internal and external training.

We emphasize on **"SCC Corporate Culture"** development, deployment and training in 2016 in order to mould SCC employees into what we believe in, the value and practises throughout the past success history of SCC. This sustainability programme is initiated by our founder Mr Ben Cher as he sees the programme as an important tool to steer the Group to greater heights when everyone in the Group shares the same goals, appreciates great values and practises that are beneficial to both clients, ourselves and the communities as a whole.

CORPORATE SOCIAL RESPONSIBILITIES (CONT'D)

Apart from work, we also encourage employees bonding with activities such as Chinese New Year and Hari Raya Get-Together where we celebrate the festive seasons like a big family.



Award and Recognition

Our Subsidiary, SCC Corporation Sdn Bhd, was awarded the prestigious Sin Chew Business Excellence Awards 2016 for Excellence Products and Services for past contributions and promotions of the industry. We are truly honoured and proud to receive the award as we are entering our 45th anniversary in 2017.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of SCC Holdings Bhd ("Group") remained committed in ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder's value and the financial performance of the Group.

This statement sets out the manner in which the Company has applied the Principles of Corporate Governance and the extent of compliance with the Recommendations as set out in the Malaysian Code on Corporate Governance 2012 (the "Code").

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board is responsible to provide stewardship of the Company and direction for management. It is collectively responsible and accountable to the Company's stakeholders for the long term success of the Group. The board is guided by its Charter, Code of Ethics which outlines the duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the relevant Board Committees.

The Board also delegates the authorities and responsibilities for managing the day-to-day business affairs of the Group to the Managing Director who is responsible for overseeing the business development, implementation of the corporate strategies and business plans, policies and controls.

The Managing Director shall delegate authority and responsibilities to other Executive Directors in accordance to their calibre, to manage sub-divisions or subsidiaries of the Company and are accounted for the business performances of the tasks being assigned to them.

The Board meets regularly to review and determine the corporate strategies and overall policies. The key matters reserved for the Board for decision include the following:

- approval of financial statements, including accounting policies of the Group;
- declaration of interim dividends and recommendation of final dividends;
- acceptance of banking facilities and approval of debt programmes and derivatives instruments;
- issuance of corporate guarantee;
- group funding and restructuring proposals;
- capital expenditures and acquisition and disposal of businesses beyond the authority limit of the Managing Director and Executive Directors;
- revaluation of fixed assets; and
- sale and acquisition of land, properties and equities;

During the financial period ending 31 December 2016, the Board had convened five (5) meetings at which, among other things, the following activities were conducted:-

- reviewed and approved the last quarter financial results and audited financial statements for the financial year 2016;
- reviewed and approved quarterly financial results for the financial year 2016 for announcement to Bursa Securities;
- approved interim dividend;
- approved internal audit and external audit fees;
- approved Audit Committee Report, Statement on Corporate Governance, Nominating Committee Report and Statement on Risk Management and Internal Control for disclosure in annual report;
- reviewed and approved revision to the Terms of References (TOR) of the Board Committees;
- received minutes of the Board Committees meetings on a quarterly basis;
- received update on ongoing projects;
- noted the analysis of corporate governance disclosure in FY2014 annual report conducted by Bursa Securities;
- received update on tax and external factors that impact the businesses of the Group;
- received updates from the secretary on the changes in statutory and Ace Market Bursa Malaysia Listing Requirement (AMLR); and
- reviewed the evaluation results of the Directors and Independent Directors for the FYE 2016.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.2 Board Duties and Responsibilities

The Board is represented by members of high calibre and comprises of individuals from varied backgrounds with wide range of relevant business experiences who contribute independent judgement on issues pertaining to strategy, risks, management performance, compliance and resources affecting the Group.

The roles and responsibilities of the Board includes:-

- a. Reviewing and approving the overall strategies and direction of the Group including sustainability of the Group's businesses.
- b. Overseeing and evaluating the conduct of the Group's businesses to ensure the businesses is properly managed in conformity with ethical values, integrity, fairness, trust and high performance.
- c. Identifying the business risks and establish an appropriate system to reduce and minimize the risks that affects the performance of the Group and the interest of the stakeholders.
- d. Ensuring the appropriate succession plan is in place including the appointment, training and fixing compensation of and where appropriate for the Board, Managing Director and other Directors of the Group.
- e. Developing and implementing an investor relations programme that creates better communication between the Group and shareholders as well as other stakeholders.
- f. Reviewing the adequacy and the integrity of the Company's internal control system and information system, including system for compliance with applicable laws, regulations, rules, directives and guidelines

In discharging its fiduciary duties, Board Committees are formed to assist in the effectiveness of the Board. The Board delegates specific responsibilities to three (3) Committees, namely:-

1. The Nomination Committee (NC),
2. The Audit Committee (AC), and
3. The Remuneration Committee (RC)

The Board Committees are guided and operated within clearly defined terms of reference. All these Committees are mainly lead by Independent Non-Executive Directors of the Board. Management and third parties are invited to attend or are co-opted to such committee as and when required.

1.3 Formalised ethical standards through Code of Ethics

The Group has in place codes of ethics for Directors and employees based on four elements which are sincerity, integrity, responsibility and corporate responsibility. In the performance of the directors' duties, the Board should at all times observe the following codes:

- a. Should have a clear understanding of the aims and purpose, capabilities and capacity of the Company;
- b. Should devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
- c. Should ensure at all times that the Company is properly managed and effectively controlled;
- d. Should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
- e. Should insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
- f. Should have access to the advice and services of the company secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

- g. Should at all times exercise its powers for the purposes it was conferred, for the benefit and prosperity of the Company;
- h. Should disclose immediately all contractual interests whether directly or indirectly with the Company;
- i. Should neither divert to its own advantage any business opportunity that the Company is pursuing, nor may it use confidential information obtained by reason of its office for its own advantage or that of others;
- j. Should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of its powers in discharging its duties;
- k. Should be conscious of the interest of shareholders, employees, creditors and customers of the Company;
- l. Should at all times promote professionalism and improve the competency of management and employees.
- m. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- n. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities.

The company recognises that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report their concerns freely without fear of reprisal or intimidation. Any report received will be investigated and appropriate actions shall be taken by HR Department.

1.4 Sustainability Strategies

The Group recognised the importance of sustainability and its increasing impact to the business. The Group embraced corporate responsibilities as an integral part of carrying out our business and are always mindful of the importance of environmental sustainability and a commitment to be a benefit to the larger society as well as to safeguard the welfare of the employees.

We focus on 4 main corporate responsibilities pillars:-

Environment

- Our procurement and manufacturing practises are in line with "green" principles.
- We minimize the impact to the environment by promoting "green" products that use less oil, less energy, produce less wastage, non-antibiotic and other natural products.
- We educate our business partners on environmental friendly and naturally healthy products for the betterment of environment and social community.

Welfare of the Employees

- We strive to ensure safe and healthy working environment for our employees.
- We ensure that every employee is treated fairly.
- We value our employees by enhancing our employees' skills and knowledge through staff training and development

Community

- We participate in charity events related to local authorities and community group.
- A separate report on the Corporate Social Responsibilities' (CSR) activities can be found on pages 10 to 11 of this Annual report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Marketplace

- We focus on continuously developing our existing business partners to create long term partnerships.
- We strive to comply with best practise under the Code to enhance and protect shareholders' value for long term sustainability.

1.5 Access to Information and Advice

All Directors have unrestricted access to the Company's records and information, and receive quarterly detailed financial and operational reports from the Management.

The Non-Executive Directors, especially members of Audit Committee, regularly communicate with the Executive Chairman, Managing Director, Executive Directors and senior management, requesting for additional information and clarification as deemed necessary.

Agenda and discussion papers are distributed 5 working days prior to the Board and Board Committee meetings to allow the Directors and Committee Members to study, evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each meeting of the Board and Board Committee meetings as well as matters arising from such meetings. Actions or updates on all matters arising from any meetings are reported in the subsequent meeting.

Should the Board required specific expertise that is not available and/or insufficient among the board members, the Board is empowered to seek assistance from any external expertise and independent professional for advice where necessary, at the Company's expenses, to discharge their duties effectively.

1.6 Qualified and Competent Company Secretary

The Company Secretary is responsible for advising the Board on issues relating to compliance in laws, rules, procedures and regulations affecting the Group as well as the principles of best corporate governance practices.

The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibitions on dealing in securities and restrictions on disclosure of price-sensitive information.

The duties of the Company Secretary amongst others are, attending all Board and Board Committee Meetings, ensuring that the proceedings of Board and Board Committee Meetings and decisions made thereof, are accurately and sufficiently recorded and properly kept for the purposes of meeting statutory obligations as well as obligations arising from AMLR or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of directors are in accordance with the relevant legislations and the Board Performance Assessment are properly executed.

1.7 Board Charter

The Board had adopted a Charter, which outlines the composition of the Board together with the roles and responsibilities of the Board, the Chairman, the Managing Director, the Directors, the Senior Management, the Company Secretary, including Board's unrestricted access to information and independent professional advice.

The Charter will be subjected to periodical review cum updates by the Board whenever deemed necessary. The Board Charter is made available on the Company's website at www.sccholdings.com.my.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

The Nomination Committee ("NC") is responsible to identify, assess and recommend new nominees to the Board and Board Committee.

The NC is entrusted with the task of assisting the Board in reviewing the required mix of expertise, skills, experiences and qualifications which Executive Directors and Independent Non-Executive Directors should have.

The NC is also responsible to assess the effectiveness of the Board as a whole, the Board committee and the contribution of each individual Director.

The NC met on three (3) occasions during the financial year 2016.

The NC comprises three (3) Non-Executive Directors, who are Independent Non-Executive Directors. Members of the NC as at 31 December 2016, comprises of the following Board members:-

Name of Nomination Committee member		No. of meeting attended
Dato' Ismail bin Hamzah	Chairman, Independent Non-Executive Director	3/3
Dato' Dr. Choong Tuck Yew	Member, Independent Non-Executive Director	3/3
Dr. Goy Hong Boon	Member, Independent Non-Executive Director	3/3

The Board, currently, appoints its members through a formal and transparent selection process conducted via NC. This process has been reviewed, approved and adopted by the Board as a whole. New appointees will be considered and evaluated by the Board and the Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

In accordance with the Company's Article of Associations, one third (1/3) of the Board, shall retire from office and be eligible for re-election at each Annual General Meeting and all the directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished.

2.2 Recruitment Process and Annual Assessment

The Board believes in a right composition of board members with balance of qualifications, skills, experiences and diversity among its board members.

NC is periodically reviewing and making recommendation to the Board on board composition matters and recommendations, which includes identification and selection of high calibre candidate who will be able to meet the present and future needs of the Company.

The NC is currently headed by Dato' Ismail bin Hamzah, an Independent Non-Executive Director and all of the said committee members are also Independent non-executive in its functionality.

The NC is also responsible in undertaking an annual evaluation of Directors, Board committee as well as the board performance as a whole. This evaluation is used as a tool to evaluate the strength, to identify the gaps or areas for improvement which would give rise in the requirement of new recruitments of board members, if necessary.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board annual evaluation process is being conducted by cross evaluation among the Board members, of which the criteria of evaluation are predetermined as below:-

- a) Board Structure
- b) Board operation and communication
- c) Board roles and responsibilities
- d) Undertaking of roles and assignments
- e) Mix of roles and knowledge
- f) Commitment of members
- g) Depth of contribution

Independence of Independent Non-Executive Director

The Board also ensure the independence of the Independent Non-Executive Director in making sure they fulfilled the requirement of AMLR as follows:-

That the independent director,

- i. is not an executive director of SCC, or any related companies of SCC;
- ii. has not been within the last 2 years employed by SCC and is not an officer (except as a non-executive director) of SCC;
- iii. is not a major shareholder of SCC;
- iv. is not a family member of any executive director, officer or major shareholder of SCC;
- v. is not acting as a nominee or representative of any executive director or major shareholder of SCC;
- vi. has not been engaged as an adviser by SCC or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to SCC; or
- vii. has not engaged in any transaction with SCC or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or the listed corporation) which has engaged in any transaction with SCC.

Tenure of Independent Non-Executive Director

The tenure of independent directors is capped to a cumulative period of nine years. Upon completion of the nine years, such directors can be re-designated as non-independent directors or in exceptional circumstances; the shareholders may decide that an independent director can remain in that capacity after serving a cumulative term of nine years. The Board should provide strong justification to the shareholders in such exceptional circumstances.

The calculation of the tenure starts from the time the individual is first appointed as an independent director of SCC. SCC will seek shareholders' approval at the nearest AGM before the director reaches the nine year term limit. Shareholders' approval shall be sought annually after the nine year term limit.

The Review by NC

During the year under review, the NC had conducted an annual assessment on Directors and Board Committees. The assessments carried out by the NC are properly documented.

For the year under review, the Board is satisfied with its current mix of qualification, skills, experiences, expertise and strength, in discharging its duties effectively.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Diversity and gender diversity of the Board's composition

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 are not driven by any racial or gender bias.

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

2.3 Remuneration Policies

The Board has established a Remuneration Committee ("RC") to assist the Board in establishing formal and transparent remuneration policies and procedures for the Directors.

The RC comprises two (2) Independent Non-Executive Directors and an Executive Chairman. Members of the RC as at 31 December 2016, comprises of the following Board members:-

Name of Remuneration Committee member		No. of meeting attended
Dato' Dr. Choong Tuck Yew	Chairman, Independent Non-Executive Director	2/2
Dato' Ismail bin Hamzah	Member, Independent Non-Executive Director	2/2
Chee Long Sing @ Cher Hwee Seng	Member, Executive Chairman	2/2

There was no change in the remuneration policies and practices during the financial year.

Executive Directors

The Remuneration framework for Executive Chairman, Managing Director and Executive Directors has an underlying objective of attracting and retaining Executive Directors needed to run the Group successfully.

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

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

Non-Executive Directors

The Non-Executive Directors' remuneration comprises annual fees that reflect their expected roles and responsibilities. The Company has obtained approval from the shareholders at the last AGM held on 25 May 2016 to pay the Directors Fees to the Non-Executive Directors for the financial year ended 31 December 2015.

Details of Directors' Remuneration

Remuneration paid or payable or otherwise made available to all Directors of the Company and Group who have served during the financial year ended 31 December 2016 are as follows:-

	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Salaries and other emoluments	1,800	-	1,800
Directors' fee	-	72	72
Bonuses	572	-	572
EPF (Employer)	193	-	193
TOTAL	2,565	72	2,637

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Directors' remuneration analysed into bands of RM50,000 is as follows :-

Band of Remuneration	No. of Directors		
	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	3	3
RM 50,001 – RM100,000	-	-	-
RM100,001 – RM150,000	-	-	-
RM150,001 – RM200,000	-	-	-
RM200,001 – RM250,000	-	-	-
RM250,001 – RM300,000	-	-	-
RM300,001 – RM350,000	-	-	-
RM350,001 – RM400,000	-	-	-
RM400,001 – RM450,000	1	-	1
RM450,001 – RM500,000	2	-	2
RM500,001 – RM550,000	1	-	1
RM550,001 – RM600,000	-	-	-
RM600,001 – RM650,000	-	-	-
RM650,001 – RM700,000	1	-	1
TOTAL	5	3	8

Note :-

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

PRINCIPLE 3 - REINFORCE INDEPENDENCE

3.1 Assessment on Independence of Director

The Independent Non-Executive Director should be persons of calibre and integrity, who collectively provide skills and competencies to ensure the effectiveness of the Board. The criteria for independence set out under Rule 1.01 of the Bursa Malaysia Securities Berhad ("Bursa Securities") ACE Market Listing Requirements ("AMLR") also form the basis for evaluation of independence of non-executive director. Independence broadly encapsulates independence from management and the absence of conflict of interest which could interfere with the Independence Director's judgement and ability to contribute to the Board's deliberations, or which could interfere with the Director's ability to act in the best interest of the Company.

The Board conducts annual reviews of the independence of each and every of the Directors, using the peer evaluation questionnaire, in addition of the responsibility of each Director in making immediate declaration over their interest, for assessing the performance of the Independence Directors. The Board has determined from the annual assessment carried out that all the three Independent Non-Executive Directors who had served on the Board remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

3.2 Tenure of Independent Directors

The Board has adopted the recommendation of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as non-independent director or to obtain shareholders' approval in the event it retains as an independent.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3.3 Shareholders' Approval for the re-appointment of Independent Director

For the financial year under review, none of the current independent Board members had served the Company for more than nine (9) years cumulatively.

3.4 Separate of positions of Chairman and Managing Director

To ensure balance of authority, increased accountability and a greater capacity for independent decision making, the roles of the Chairman and the Managing Director are distinct and separate with a clear division of responsibilities between the Chairman and the Managing Director.

The Executive Chairman's role includes leading the Board in the oversight of management and is not involved in the day to day management of the Group. The Board is not comprised of a majority of independent directors although the Executive Chairman is not an independent director which is a deviation from Recommendation 3.5 of the Code. Decisions reached at meetings reflect the consensus of the whole Board and not the views of any individual or group.

The Managing Director is primarily responsible for the day-to-day operations of the Group, which includes implementation of policies, and strategies adopted by the Board. The Managing Director is responsible for communicating matters relating to the Group's business to the Board. The Managing Director's knowledge of the Group's business and affairs contributes significantly towards the attainment of the Group's goals and objectives.

3.5 Composition of the Board

As at end of the financial year, the Board comprises eight (8) members:-

- a) One (1) Executive Chairman
- b) One (1) Managing Director
- c) Three (3) Executive Directors
- d) Three (3) Non-Executive Directors

The Code stipulates that at least one-third of its Board members must be made up of Independent Non-Executive Directors. The Group's Board balance is achieved with the presence of three (3) Independent Non-Executive Directors.

All three (3) Non-Executive Directors are Independent as defined in the Bursa Securities AMLR. The Independent Directors are:-

- a) Dato' Dr. Choong Tuck Yew
- b) Dr. Goy Hong Boon
- c) Dato' Ismail bin Hamzah

The Board is of the view that the current size of the Board is appropriate and views that the Board composition has the right mix of skills, experience and strength in qualities that is relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PRINCIPLE 4 - FOSTER COMMITMENT

4.1 Commitment of the Board Members

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
Dato' Ismail bin Hamzah	5/5	100
Dato' Dr. Choong Tuck Yew	5/5	100
Dr. Goy Hong Boon	5/5	100
Cher Lip Chun	5/5	100
Chu Soo Meng	5/5	100

All the Directors have complied with the minimum attendance at Board meetings of at least 50% attendance as stipulated by the Bursa Securities AMLR during the financial year.

The Board is satisfied with the level of time commitment given by the Directors in the discharging of their role and duties as the Directors of the Company.

The Independent Non-Executive Directors are required to declare to the Board detail of their significant business and interest, of which the said Director would be required to abstain from decision voting should the subject resolution involve any chances of conflict of interest with his existing business and interest, direct or indirectly.

The Executive Directors are however required to declare to the Board of all the other significant business and interests and to indicate broadly the time spent on such commitments, other than the time spent on the Company.

All the Directors are required to advise the Board of any subsequent changes on such commitments declared.

Directors will inform the Board immediately after accepting new directorships in other companies so long their number of directorships in public listed companies is in compliance with the Ace Market Listing Requirements of Bursa Securities.

4.2 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

No.	Name	Programme
1.	Chee Long Sing @ Cher Hwee Seng	<ul style="list-style-type: none"> Seminar on Confucianism in Business KLSCCCI : SAME Financial Roadshows SCC Corporate Culture training CG Breakfast Series: Cybersecurity Threat and How Board Should Mitigate the Risks
2.	Cher Sew Seng	<ul style="list-style-type: none"> SCC Corporate Culture training Companies Bill 2015: A Snapshot of Changes Where to Put Your Money in 2016 CG Breakfast Series: Cybersecurity Threat and How Board Should Mitigate the Risks
3.	Goh Ah Heng @ Goh Keng Chin	<ul style="list-style-type: none"> SCC Corporate Culture training Sustainability Reporting in Malaysia: Putting Public Listed Issuers In The Know Challenges for SME in ASEAN with TPPA and One Road One Belt Where to Put Your Money in 2016
4.	Dato' Ismail bin Hamzah	<ul style="list-style-type: none"> Board Chairman Series Part 2: Leadership Excellence From the Chair Focus Group Series: Corporate Governance Disclosure
5.	Dato' Dr. Choong Tuck Yew	<ul style="list-style-type: none"> Evaluating the Adequacy and Effectiveness of Control Audit Committee Conference 2016 Audit Committee Seminar for the Public and Private Sector : Inspiring Audit Effectiveness" The Game Changer for Board Room
6.	Dr. Goy Hong Boon	<ul style="list-style-type: none"> IPO and Raise Fund Seminar
7.	Cher Lip Chun	<ul style="list-style-type: none"> SCC Corporate Culture training CG Breakfast Series with Directors: "The Strategy, the Leadership, the Stakeholders and the Board" KLSCCCI : SAME Financial Roadshows CG Breakfast Series: Cybersecurity Threat and How Board Should Mitigate the Risks
8.	Chu Soo Meng	<ul style="list-style-type: none"> SCC Corporate Culture training Companies Bill 2015: A Snapshot of Changes Future of Auditor's Report Where to Put Your Money in 2016

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by ensuring the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards.

The Board is assisted by the AC in reviewing the appropriateness of accounting policies applied by the Group, as well as, the changes in these policies.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The AC also assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements, before approving them to be announced to the public within the stipulated time frame.

In reviewing all the published annual and quarterly financial statements during the financial year, the Directors took due care and reasonable steps to ensure compliance with the applicable accounting standards in all material aspects. For this purpose, the Directors are updated and briefed by the external auditors on current accounting practices, recommended best practices, and applicable financial reporting standards and IC Interpretation, minimum once a year.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on Page 32 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Board has maintained a transparent and professional relationship with the Group's external auditors through the AC. The AC meets with the external auditors at least twice a year to discuss their audit plan and audit findings in relation to the Group's financial results. The AC will have private sessions with the External Auditors without the presence of Executive Directors and Management to discuss the audit findings and any other observations they may have during the audit process. An assurance is provided by the External Auditors via their report to the AC, confirming their independence through the conduct of the audit engagement in accordance with the terms of relevant professional and regulatory requirement.

The External Auditors are invited to attend the Company's Annual General Meeting (AGM) and are available to answer shareholders' queries on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

For the year under review, three (3) sessions and dialogues were conducted in exchange of views and opinions between the both parties in relation to the financial reporting of the Group.

The AC recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. The role of the AC is further described in the Audit Committee Report on pages 26 to 27 in the annual report.

The AC assesses the independence of the External Auditors based on, amongst others, the following:

- a. Review the independence and objectivity of the external auditors and the services provided, including non-audit services; and
- b. Ensure the Company's major shareholders and/or Directors do not have any interest in the audit firm prior to its engagement, vice versa.
- c. Review the quality of services, sufficient of resources, communication and interaction and audit planning.

PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS

6.1 Framework to Manage Risks

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 misstatement, loss or fraud.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The RMC meeting had been incorporated into monthly Management meetings where all Executives Directors, Finance Manager and all HODs are present. Risk matters are being discussed after schedule monthly management meeting agendas. Respective HODs are to report any foreseeable upcoming/current risk and provide proposed countermeasures and highlight on its impact to the Group. Closed monitoring and follow up are being done by the RMC on the identified risks and close the matter when the risks became non-material or low impact to the Group.

6.2 Internal Audit Function

The Group's Internal Audit is outsourced to external consultant, which is CGRM Infocomm Sdn Bhd for year 2016, who would report directly to AC on their findings and concerns during their audit process.

The Internal Auditors conducts a robust risk assessment during the year, which then determines the scope of focus for the internal audit in accordance with the risk based matrix. The scope of the internal audit is presented to the AC for review and prior approval. The field audit is subsequently conducted onsite and audit findings together with recommendations on risk gaps closure, if any, are reported directly to the AC. The Internal Auditors also ensure that any recommended actions plans to improve controls are followed through by Management until they are resolved and closed.

The key features of the Company's internal audit processes are set out in the statement of risk management and internal control and the audit committee report on page 29 to 31 and page 26 to 27 of this Annual Report, respectively.

The External Auditors shall review the statement of risk management and internal controls and verify if the statements are accurately prepared.

Total cost of the Company's internal audit function for the financial year ended 31 December 2016 amounted to RM27,000.00.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board strives to comply with corporate disclosure requirements set by Bursa Malaysia Securities Berhad and follows the main forms of information disclosure:

- Continuous disclosure – which is its core disclosure obligation and primary method of informing the market and shareholders.
- Periodical disclosure – in the form of full year and quarterly reporting of financial results and major investments, capital expenditure and funding activities proposed by the Company and the Annual Report.
- Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa releases.

All information made available to Bursa Malaysia Securities Berhad is immediately available to shareholders, stakeholders and the public on the Company's Investor Relations section of the website: www.sccholdings.com.my.

While the Board endeavours to keep its entire shareholder as much informed as possible, the Board must ensure that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information, as such, the Group has always abided by the legal and regulatory framework governing the release of materials and price-sensitive information.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board has established a dedicated section in the Company's website for corporate information on the Company's announcements, financial information, annual reports, share prices and analysts' reports which are accessible by shareholders, stakeholders and general public. The website is the key communication channel for the Company to reach its shareholders and general public.

The website has a dedicated section for Investor Relations which includes a corporate newsroom, investment calculator, as well as Company's IR contact which shareholders and general public may direct their enquiries through the provided communication channels including telephone and e-mail.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at 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 21 days before the meeting. At each AGM, the shareholders are encouraged to attend and to use the opportunity to ask questions on resolutions being proposed during the meeting and also on the progress, performance and future prospects of the Company. The Chairman and Board members, with the assistance of the External Auditors are available to respond and provide explanations in the question and answer session.

8.2 Poll Voting at General Meetings

In line with the revised AMLR of Bursa Securities, all resolutions put to general meetings will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meetings. Decision for each resolution and the name of the independent scrutineer will be announced to Bursa Securities on the same day.

8.3 Communication and Engagements with Shareholders

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

The Company also encourages the shareholders and investors to participate in online access of the Company's Annual Report and all up to date announcement 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@scc.com.my.

COMPLIANCE STATEMENT

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTISES LAID DOWN IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE

The Board has taken necessary practical and appropriate steps to comply with the requirement of AMLR of Bursa Malaysia in relation to applications of principles and adoption of best practises of good corporate governance as set out in the MCCG 2012. The Group will continue to review its governance principles and recommendations in pursuit of achieving the highest level of transparency, accountability and integrity.

This statement was made and approved by the Board on 7 April 2017.

AUDIT COMMITTEE REPORT

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

COMPOSITION AND MEETINGS

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

At the end of financial year ending 31 December 2016, the members of the AC are:

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

Meetings

During the financial year under review, the Committee convened five (5) meetings and the record records of attendance are shown below. The meetings are pre-structured through the use of agendas, which were distributed to members prior to the meetings.

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

The AC also met the External Auditors in three (3) private sessions without the presence of Management to discuss audit related matters that the Auditors wish to raise directly with the Committee.

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

Details of attendance are listed below:

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

Terms of Reference

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

SUMMARY OF ACTIVITIES

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

Financial Reporting

- Reviewed the quarterly unaudited financial results of the Company and Group before recommending to the Board for consideration and approval.
- Reviewed the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval.
- Ensured that the financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards by confirming with the Management.

AUDIT COMMITTEE REPORT (CONT'D)

External Audit

- d. Evaluated the technical competencies, adequacy of specialist support and partners/directors accessibility and time commitment.
- e. Ascertained the independence of the external auditor with the auditors confirmed their independence status before conducting the audit.
- f. Reviewed the external auditors' scope of work, audit plan and strategy for the year.
- g. Reviewed with the external auditors, the results of the annual audit, audit report, including the management's response.
- h. Met with the External Auditors three (3) times without the presence of the Executive Directors and the Management to discuss matters that needed to be highlighted to the AC.

Internal Audit

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

Related Party Transactions

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

Others

- m. Reviewed the AC Report, Corporate Governance Statement and Statement on Risk Management and Internal Control prior to the submission of the said documents to the Board for consideration and approval so as to be included in the Annual Report for financial year ended 31 December 2016.
- n. Recommended the nomination of Messrs. Baker Tilly Monterio Heng for re-appointment as external auditors for the Company and Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which is outsourced to a professional service firm, assist the AC and the Board by providing independent assessment of the adequacy and effectiveness of the Group's internal control systems. The internal audit function reports directly to the AC.

The Internal Auditor carried out the following activities for the period:-

- a) reviewed and appraised the soundness, adequacy and application of financial and operational controls of the entire Group using approved risk based internal audit plan
- b) recommended high risk areas to be audited and internal audit plan for 2016/2017
- c) internal audit on the following areas:-
 - i) business development and supplies management of Animal Health Products Division; and
 - ii) warehousing management
- d) reviewed the current system covering business processes to ensure proper internal controls are embedded in these processes.
- e) monitored the implementation of the audit recommendations to ensure all key risks and controls have been addressed.

The cost incurred for the outsourced independent internal audit services in respect of the financial year ended 31 December 2016 was RM27,000.00 (FYE 2015 – RM20,875.00).

ADDITIONAL COMPLIANCE INFORMATION

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

1. Status of utilisation of proceeds raised from corporate proposal

As at the Financial Year Ended 31 December 2016, the proceeds of approximately RM39,292 raised by the Company from its corporate exercise have been utilised as follows:

Purpose	Proposed utilisation RM	Actual utilisation RM
Working Capital	38,296	38,296
Estimated listing expenses	996	996
Total	39,292	39,292

2. Audit and Non-audit Fees

External auditors' remuneration are set at RM69,000.00 for the FYE 31 December 2016.

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 FYE 31 December 2016.

3. 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 FYE 31 December 2016.

4. Contract relates to a loan

There was no contract relates to loan entered into by the Company and/or its subsidiaries for the FYE 31 December 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control by the Board on the Group is made pursuant Rule 15.26(b) of the Bursa Securities AMLR and in accordance with the Principles and Recommendations relating to risk management and internal control provided in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

MCCG 2012 sets out the principles that the board of directors of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment, stakeholders' interest and assets of the Group.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility to observe the MCCG 2012 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 three (3) management staff which include the Finance Manager. The responsibilities of RMC included assisting in development of risk management framework, policies, processes and procedures; maintaining the risk register for the Group; monitoring operating unit's compliance with Group's policies and procedures; monitoring and reporting of the key risks as identified by the Management.

From year 2016, the RMC meetings had been consolidated with monthly Head of Departments ("HOD") meeting since all the RMC members attended the HOD meetings.

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

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

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

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

Risk identification and assessment

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

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

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

KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

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

Organisational Structure

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

Board and Management Meetings

Strategic planning and detailed target setting for each area of business are established during the year end. The management will meet on a monthly basis to monitor the Company's actual results against a target, whereby significant variances are being investigated and management action is taken, where necessary as well as to obtain feedbacks on daily operational issues.

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

Performance Management Framework

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

Limits of Authority

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

Operational policies and procedures

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

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

AUDIT COMMITTEE AND INTERNAL AUDIT

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

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

WEAKNESSES IN INTERNAL CONTROL

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the AMLR of Bursa Securities, this Statement has been reviewed by the External Auditors for inclusion in the Annual Report of the Group for the financial year ended 31 December 2016. 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 7 April 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and 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 1965. 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.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	6,777	4,154
Attributable to: Owners of the Company	6,777	4,154

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follow:

	RM'000
Single tier interim dividend of 5 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2016, paid on 30 June 2016	2,139

During the financial year ended 31 December 2016, the Company had declared a single tier tax exempt interim dividend of 5 sen per ordinary share of RM2,138,790/-, payable on 20 January 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT

(CONT'D)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (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; and
- (ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 18,800 new ordinary shares of RM0.50 each at a price of RM2.09 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

DIRECTORS' REPORT (CONT'D)

OPTION GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in offices during the financial year and during the period from the end of the financial year to the report are:

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

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
The Company				
<i>SCC Holdings Berhad</i>				
Direct interests:				
Chee Long Sing @ Cher Hwee Seng	9,299,016	-	-	9,299,016
Cher Lip Chun	249,940	-	-	249,940
Cher Sew Seng	5,878,136	-	-	5,878,136
Goh Ah Heng @ Goh Keng Chin	3,578,923	-	-	3,578,923
Chu Soo Meng	30,000	-	-	30,000
Dato' Dr. Choong Tuck Yew	20,000	-	-	20,000
Indirect interests:				
Chee Long Sing @ Cher Hwee Seng #	187,421	-	-	187,421
Cher Sew Seng *	525,000	-	-	525,000
Cher Lip Chun ^	20,000	-	-	20,000

Deemed interest by virtue of his direct shareholdings in Kumsan Enterprise (M) Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 in Malaysia and by virtue of his spouse's and child's direct shareholdings in the Company.

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

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

By virtue of their interests in the ordinary shares of the Company, Chee Long Sing @ Cher Hwee Seng, Cher Lip Chun, Cher Sew Seng, Goh Ah Heng @ Goh Keng Chin, Chu Soo Meng and Dato' Dr. Choong Tuck Yew are also deemed interested in the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 26 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.

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
CHEE LONG SING @
CHER HWEE SENG
Director

.....
CHER SEW SENG
Director

Kuala Lumpur

Date: 7 April 2017

STATEMENT BY DIRECTORS

We, **CHEE LONG SING @ CHER HWEE SENG** and **CHER SEW SENG**, being two of the directors of SCC HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 42 to 87 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 1965 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 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 88 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

.....
CHEE LONG SING @ CHER HWEE SENG
Director

.....
CHER SEW SENG
Director

Kuala Lumpur
Date: 7 April 2017

STATUTORY DECLARATION

I, WONG POW YEE, 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 42 to 87 and the supplementary information set out on page 88 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.

.....
WONG POW YEE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory
on 7 April 2017.

Before me,

.....
TAN KIM CHOOI (No. W661)
Commissioner for Oaths
Kuala Lumpur Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCC HOLDINGS BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SCC Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of 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 42 to 87.

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 2016, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Trade receivables (Note 4(b)(iii) and 10 to the financial statements)

We focused on this area because the directors made judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by management and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports or other collection reports;
- obtaining confirmation of balances from selected receivables;
- reviewing receipts of collections subsequent to the financial year end, customer correspondence, and considering level of activity with the customer and explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SCC HOLDINGS BERHAD
(Incorporated in Malaysia)
(CONT'D)**

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SCC HOLDINGS BERHAD
(Incorporated in Malaysia)
(CONT'D)**

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act 1965 in Malaysia.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/18 (J)
Chartered Accountant

Kuala Lumpur

Date: 7 April 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	5,439	5,436	-	-
Investments in subsidiaries	6	-	-	16,300	16,300
Goodwill on consolidation	7	8	8	-	-
Investment securities	8	54	67	-	-
Total non-current assets		5,501	5,511	16,300	16,300
Current assets					
Inventories	9	8,326	7,475	-	-
Trade receivables	10	13,091	13,571	-	94
Other receivables, deposits and prepayments	11	641	813	6,239	6,234
Tax recoverable		561	37	57	37
Other investments	12	14,490	8,249	4,972	2,878
Deposits placed with licensed bank	13	-	200	-	-
Cash and bank balances		5,000	5,866	1,759	1,649
Total current assets		42,109	36,211	13,027	10,892
TOTAL ASSETS		47,610	41,722	29,327	27,192
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	21,388	21,379	21,388	21,379
Reserves	15	17,080	14,545	5,586	5,681
TOTAL EQUITY		38,468	35,924	26,974	27,060
Non-current liabilities					
Hire purchase payables	16	25	91	-	-
Deferred tax liabilities	17	77	167	-	-
Total non-current liabilities		102	258	-	-
Current liabilities					
Trade payables	18	4,922	2,961	-	-
Other payables, deposits and accruals	19	3,594	1,653	2,353	132
Hire purchase payables	16	67	90	-	-
Bank borrowing	20	71	-	-	-
Tax payable		386	836	-	-
Total current liabilities		9,040	5,540	2,353	132
TOTAL LIABILITIES		9,142	5,798	2,353	132
TOTAL EQUITY AND LIABILITIES		47,610	41,722	29,327	27,192

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	21	60,646	60,374	7,306	9,047
Cost of sales		(36,732)	(37,930)	-	-
Gross profit		23,914	22,444	7,306	9,047
Other income		1,209	1,040	153	155
Selling and distribution expenses		(6,307)	(5,138)	-	-
Administrative expenses		(8,860)	(8,726)	(3,303)	(3,481)
Other expenses		(1,213)	(804)	-	-
Operating profit		8,743	8,816	4,156	5,721
Finance costs					
- hire purchase interests		(7)	(10)	-	-
Profit before tax	22	8,736	8,806	4,156	5,721
Income tax expense	23	(1,959)	(2,400)	(2)	(5)
Profit for the financial year		6,777	6,406	4,154	5,716
Other comprehensive income, net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
- fair value gain of available-for-sale financial assets		7	14	-	-
Total comprehensive income for the financial year		6,784	6,420	4,154	5,716
Profit attributable to:					
Owners of the Company		6,777	6,406	4,154	5,716
Total comprehensive income attributable to:					
Owners of the Company		6,784	6,420	4,154	5,716
Earnings per ordinary share attributable to owners of the Company					
- basic earnings per ordinary share (sen)	24(a)	15.84	14.98		
- diluted earnings per ordinary share (sen)	24(b)	15.84	14.98		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

<----- Attributable to owner of the Company ----->						
		<----- Non-distributable ----->			Distributable	
	Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group						
At 1 January 2015		21,379	2,667	37	9,697	33,780
Fair value gain of available-for-sale financial assets		-	-	14	-	14
Profit for the financial year		-	-	-	6,406	6,406
Total comprehensive income for the financial year		-	-	14	6,406	6,420
Transaction with owners						
Dividends	25	-	-	-	(4,276)	(4,276)
At 31 December 2015		21,379	2,667	51	11,827	35,924
Fair value gain of available-for-sale financial assets		-	-	7	-	7
Profit for the financial year		-	-	-	6,777	6,777
Total comprehensive income for the financial year		-	-	7	6,777	6,784
Transaction with owners						
Issue of shares	14, 15	9	29	-	-	38
Dividends	25	-	-	-	(4,278)	(4,278)
At 31 December 2016		21,388	2,696	58	14,326	38,468
Company						
At 1 January 2015		21,379	2,667	-	1,574	25,620
Profit for the financial year		-	-	-	5,716	5,716
Total comprehensive income for the financial year		-	-	-	5,716	5,716
Transaction with owners						
Dividends	25	-	-	-	(4,276)	(4,276)
At 31 December 2015		21,379	2,667	-	3,014	27,060
Profit for the financial year		-	-	-	4,154	4,154
Total comprehensive income for the financial year		-	-	-	4,154	4,154
Transaction with owners						
Issue of shares	14, 15	9	29	-	-	38
Dividends	25	-	-	-	(4,278)	(4,278)
At 31 December 2016		21,388	2,696	-	2,890	26,974

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Profit before tax		8,736	8,806	4,156	5,721
Adjustments for:					
Bad debts written off		23	2	-	-
Depreciation of property, plant and equipment		694	603	-	-
Dividend income		-	(1)	(3,718)	(6,522)
Fair value gain on financial assets		(393)	(276)	(144)	(78)
Gain on disposal of quoted shares		(2)	-	-	-
Impairment loss on trade receivables		325	199	-	-
Interest income		(35)	(161)	(9)	(77)
Finance cost		7	10	-	-
Loss/ (gain) on disposal of property, plant and equipment		15	(62)	-	-
Property, plant and equipment written off		-	2	-	-
Reversal of impairment loss on trade receivables		(204)	(50)	-	-
Unrealised loss/ (gain) on foreign exchange		45	(51)	-	-
Operating profit/ (loss) before changes in working capital		9,211	9,021	285	(956)
Changes in working capital:					
Inventories		(851)	(1,678)	-	-
Receivables		463	(4,103)	89	61
Payables		1,763	3,135	82	18
Cash flows generated from/ (used in) operations		10,586	6,375	456	(877)
Tax paid		(3,023)	(2,629)	(22)	(43)
Tax refunded		-	72	-	68
Net cash flows generated from/ (used in) operating activities		7,563	3,818	434	(852)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(CONT'D)

		Group	Company		
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment		(769)	(678)	-	-
Purchase of other investments		(5,848)	(2,500)	(1,950)	(2,800)
Proceeds from the investment securities		22	-	-	-
Proceeds from disposal of property, plant and equipment		57	62	-	-
Dividend received		-	1	3,718	6,522
Interest received		35	161	9	77
Net cash flows (used in)/ generated from investing activities		(6,503)	(2,954)	1,777	3,799
Cash flows from financing activities					
Finance cost		(7)	(10)	-	-
Proceeds from issuance of ordinary shares		38	-	38	-
Payment of hire purchase payables		(89)	(86)	-	-
Dividends paid		(2,139)	(4,276)	(2,139)	(4,276)
Net cash flows used in financing activities		(2,197)	(4,372)	(2,101)	(4,276)
Net (decrease)/ increase in cash and cash equivalents		(1,137)	(3,508)	110	(1,329)
Cash and cash equivalents at the beginning of the financial year		6,066	9,523	1,649	2,978
Effect of exchange rate changes on cash and cash equivalents		-	51	-	-
Cash and cash equivalents at the end of the financial year	(a)	4,929	6,066	1,759	1,649
(a) Analysis of cash and cash equivalents					
Deposits placed with licensed bank	13	-	200	-	-
Cash and bank balances		5,000	5,866	1,759	1,649
Bank overdraft	20	5,000 (71)	6,066 -	1,759 -	1,649 -
		4,929	6,066	1,759	1,649

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

SCC Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No.2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL). The principal place of business of the Company is located at No. 21, Jalan Hujan, Taman Overseas Union, 5th Mile, Jalan Kelang Lama, 58200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 6 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective: (cont'd)

MFRS 9 Financial Instruments (cont'd)

Key requirements of MFRS 9 (cont'd):

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract;
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16 of the standard.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimate and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(b) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(b) Business combination (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(c) Loss of control

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

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same ways as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Goodwill

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates.

Goodwill indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

3.2 Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. All other repairs and maintenance are charged to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment and depreciation (cont'd)

No depreciation is provided on freehold land. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

Building	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, and adjusted if appropriate, at end of the reporting period. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

3.3 Impairment of assets

(a) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Impairment of assets (cont'd)

(b) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit ("CGU") fair value less cost of disposal and its value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

3.4 Inventories

Inventories are carried at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

3.5 Financial instruments

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

The Group and the Company categorise the financial instruments as follows:

(a) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment loss, if any. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(b) Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(c) Financial guarantee contracts

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

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(d) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

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

(e) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

3.6 Leases

(a) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

(a) Finance leases (cont'd)

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful lives of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

3.7 Equity instruments

Ordinary shares are recorded at the nominal value. The consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from the share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3.8 Foreign currency transaction

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.9 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Revenue and other income (cont'd)

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(d) Dividend income

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

(e) Management fee

Management fee is recognised upon completion of services rendered in accordance with the terms of the agreement entered into.

3.10 Income tax

(a) Current tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Income tax (cont'd)

(b) Deferred tax (cont'd)

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

3.11 Borrowing costs

Borrowing costs are charged to profit or loss as an expense using the effective interest method in the period in which they are incurred.

3.12 Employee benefits

(a) Short-term employee benefits

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

3.13 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.14 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents consist of cash in hand, demand deposits, balances with banks and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of deposit pledged with licensed banks and bank overdrafts which are repayable on demand.

3.16 Fair value measurements

Fair value of an asset or liability, except for share-based payment and lease transactions, 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 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 are 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 Group can access at the measurement date.
- Level 2: Input 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Critical judgements made in applying the Group's accounting policies

There were no significant judgements made by management in the process of applying the accounting policies of the Group and of the Company which may have significant effect on the amount recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of property, plant and equipment

Management estimates the useful lives of the Group's property, plant and equipment to be within 5 to 30 years. The management estimates the useful lives of the property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

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

(ii) Impairment of non-current assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets.

(iii) Impairment of trade and other receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers events or factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amount may not be recoverable.

(iv) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax recognised in the period in which such determination is made.

(v) Write-down of obsolete or slow moving inventories

The Group writes down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's inventories are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group At cost	Freehold land and building RM'000	Office equipment, furniture and fittings RM'000	Machinery RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
At 1 January 2015	3,518	1,549	815	1,974	617	8,473
Additions	-	140	153	-	385	678
Disposals	-	(3)	-	(150)	-	(153)
At 31 December 2015/ 1 January 2016	3,518	1,686	968	1,824	1,002	8,998
Additions	-	81	69	619	-	769
Disposals	-	-	-	(399)	-	(399)
At 31 December 2016	3,518	1,767	1,037	2,044	1,002	9,368
Accumulated Depreciation						
At 1 January 2015	598	988	399	1,052	73	3,110
Depreciation charge for the financial year	71	104	101	254	73	603
Disposals	-	(1)	-	(150)	-	(151)
At 31 December 2015/ 1 January 2016	669	1,091	500	1,156	146	3,562
Depreciation charge for the financial year	71	109	88	326	100	694
Disposals	-	-	-	(327)	-	(327)
At 31 December 2016	740	1,200	588	1,155	246	3,929
Carrying Amount						
At 31 December 2015	2,849	595	468	668	856	5,436
At 31 December 2016	2,778	567	449	889	756	5,439

Group

- The land and building with the carrying value of RM2,488,443/- (2015: RM2,551,580/-) have been pledged to a licensed bank to secure the credit facilities granted to the subsidiaries.
- Motor vehicles with total carrying amount of RM149,069/- (2015: RM249,083/-) were acquired under hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(c) Included in property, plant and equipment are fully depreciated assets which are still in use, with cost as follows:

	Group	
	2016 RM'000	2015 RM'000
Office equipment, furniture and fittings	773	593
Machinery	358	328
Motor vehicles	271	550
	<u>1,402</u>	<u>1,471</u>

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost	<u>16,300</u>	<u>16,300</u>

The Company's equity interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:

Name of company	Effective ownership interest and voting interest		Principal activities
	2016 %	2015 %	
<i>Direct subsidiaries</i>			
SCC Corporation Sdn. Bhd. ("SCCC")	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 installations, services and supply of ingredients and specialists products for food and beverage industries.
Anitox (M) Sdn. Bhd. ("ASB")	100	100	Sale, marketing and distribution of animal health products.
SCC Food Manufacturing Sdn. Bhd. ("SCCFM")	100	100	Processing and purchasing products.
<i>Indirect subsidiaries</i>			
<i>Subsidiary of SCCC</i>			
Positive Insight Sdn. Bhd. ("PI")	100	100	Sale, marketing and distribution of animal health products.
Knowledge Mission Sdn. Bhd. ("KM")	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. GOODWILL ON CONSOLIDATION

	Group	
	2016 RM'000	2015 RM'000
At 1 January/31 December	8	8

8. INVESTMENT SECURITIES

	Group	
	2016 RM'000	2015 RM'000
Non-current:		
Available-for-sale financial assets		
Quoted securities in Malaysia		
- Equity instruments, at fair value	54	67

The movements are as below:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	67	53
Disposal	(20)	-
Fair value adjustment	7	14
At 31 December	54	67

9. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost, finished goods:		
Food service equipment	4,628	4,305
Animal health products	3,428	2,661
Food service supplies	270	509
	8,326	7,475
Recognised in profit or loss:		
Cost of inventories recognised as cost of sales	36,730	37,204

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. TRADE RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	13,482	13,864	-	94
Less : Allowance for impairment	(391)	(293)	-	-
	13,091	13,571	-	94

- (a) The Groups' normal trade credits range from 30 to 90 days (2015: 30 to 90 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.

- (b) Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	8,272	9,003	-	94
1 to 30 days past due but not impaired	2,870	3,220	-	-
31 to 60 days past due not impaired	1,498	829	-	-
61 to 90 days past due not impaired	286	327	-	-
91 to 120 days past due not impaired	94	78	-	-
More than 121 days past due not impaired	462	407	-	-
	5,210	4,861	-	-
Impaired	391	293	-	-
	13,091	13,571	-	94

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are unsecured in nature. These receivables are creditworthy receivables with good payments records with the Group.

Receivables that are past due but not impaired

At the reporting date, the Group has trade receivables amounting to RM5,209,940/- (2015: RM4,860,824/-) that are past due but not impaired. Trade receivables that were past due but not impaired relate to customers that have good track records with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been any significant change in the credit quality of the customers and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. TRADE RECEIVABLES (CONT'D)

- (b) Ageing analysis of trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2016 RM'000	2015 RM'000
Individually impaired		
Trade receivables		
- nominal amounts	5,984	5,774
Less : Allowance for impairment	(391)	(293)
	<u>5,593</u>	<u>5,481</u>

Movement in impairment of trade receivables:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	(293)	(144)
Charge for the financial year	(325)	(199)
Reversal of impairment losses	204	50
Written off	23	-
At 31 December	<u>(391)</u>	<u>(293)</u>

- (c) The trade receivables of the Company represents an amount owing by subsidiaries. The amounts owing are unsecured, non-interest bearing and repayable on demand in cash.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	144	53	-	19
Amount owing from subsidiaries	-	-	6,232	6,214
Deposits	167	170	1	1
Prepayments	330	590	6	-
	<u>641</u>	<u>813</u>	<u>6,239</u>	<u>6,234</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- (a) The currency exposure profile of the other receivables, deposits and prepayments are as follows (foreign currency balances are unhedged):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	273	577	-	-
Euro Dollar	42	-	-	-

- (b) Amount owing from subsidiaries are non-trade, unsecured, non-interest bearing and repayable on demand in cash.

12. OTHER INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current:				
Financial assets at fair value through profit or loss				
- Unquoted money market fund	14,490	8,249	4,972	2,878

13. DEPOSITS PLACED WITH LICENSED BANK

Group

The deposits placed with licensed bank earned effective interest rates ranging at 1.25% - 1.95% (2015: 3.35% - 3.50%) per annum.

14. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares Units '000	RM'000	Number of shares Units '000	RM'000
Ordinary shares of RM0.50 each				
Authorised:				
At 1 January/31 December	200,000	100,000	200,000	100,000
Issued and fully paid up:				
At 1 January	42,757	21,379	42,757	21,379
Issued during the financial year	19	9	-	-
At 31 December	42,776	21,388	42,757	21,379

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. SHARE CAPITAL (CONT'D)

During the financial year, the Company issued 18,800 new ordinary shares of RM0.50 each at a price of RM2.09 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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.

15. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Non-distributable</u>				
Share premium				
At 1 January	2,667	2,667	2,667	2,667
Issue of shares	29	-	29	-
At 31 December	2,696	2,667	2,696	2,667
Fair value reserve				
At 1 January	51	37	-	-
Fair value gain of available-for-sale financial assets	7	14	-	-
At 31 December	58	51	-	-
	2,754	2,718	2,696	2,667
<u>Distributable</u>				
Retained earnings	14,326	11,827	2,890	3,014
	17,080	14,545	5,586	5,681

(a) Share premium

The share premium is arrived at after accounting for the premium over the nominal value of shares issued to the public, less the subsequent capitalisation for bonus issue of the Company, if any.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. RESERVES (CONT'D)

(b) Fair value reserve

	Group	
	2016 RM'000	2015 RM'000
At the beginning of the financial year	51	37
Fair value adjustment	7	14
At the end of the financial year	58	51

The fair value reserve comprises the cumulative fair value changes, of available-for-sale financial assets until they are disposed of or impaired.

(c) Retained earnings

The Company falls under the single tier system and accordingly there are no restrictions on the Company to frank the payment of dividends out of its entire retained earnings and all dividends paid are tax exempted in the hands of the shareholders.

16. HIRE PURCHASE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Future minimum hire purchase payments		
- not later than one year	69	96
- later than one year and not later than five years	25	94
	94	190
Less: Future finance charges	(2)	(9)
Present value of hire purchase payables	92	181
Represented by:		
Current		
- not later than one year	67	90
Non-current		
- later than one year and not later than five years	25	91
	92	181

The hire purchase payables bear interest at 4.35% - 4.61% (2015 : 4.35% - 4.61%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. DEFERRED TAX LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
At 1 January	167	171
Recognised in profit or loss (Note 23)	(90)	(4)
At 31 December	77	167
Representing the tax effect of: Temporary differences between the carrying amounts and the corresponding tax written down values	77	167

18. TRADE PAYABLES

Group

- (a) The normal credit terms granted to the Group range from 30 to 90 days (2015: 30 to 90 days).
- (b) The foreign currency exposure profiles on the trade payable are as follows (foreign currency balances are unhedged):

	Group	
	2016 RM'000	2015 RM'000
Euro Dollar	16	109
United States Dollar	2,080	16

19. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	201	289	3	21
Dividend payable	2,139	-	2,139	-
GST payable	135	-	91	-
Deposits	354	699	-	-
Accruals	765	665	120	111
	3,594	1,653	2,353	132

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. BANK BORROWING

	Group	
	2016 RM'000	2015 RM'000
Current		
Bank overdraft	71	-
	<u>71</u>	<u>-</u>

Interest for bank overdraft is charged at 7.95% above Base Lending Rate (BLR) per annum.

21. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend income	-	-	3,718	6,522
Management fees	-	-	3,588	2,525
Trading sales:				
- food service equipment	30,314	27,997	-	-
- animal health products	29,909	32,125	-	-
- food service supplies	423	252	-	-
	<u>60,646</u>	<u>60,374</u>	<u>7,306</u>	<u>9,047</u>

Revenue represents trading sales of food service equipment, animal health products and food service supplies net of return and discount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. PROFIT BEFORE TAX

Profit before tax is arrived at:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging:				
Auditors' remuneration				
- statutory audit	60	54	14	12
- non statutory audit	9	17	9	9
Bad debt written off	23	2	-	-
Depreciation of property, plant and equipment	694	603	-	-
Directors' remuneration:				
- fees	72	72	72	72
- other emoluments	2,569	2,608	1,984	1,976
Finance cost	7	10	-	-
Incorporation expenses	-	2	-	-
Impairment loss on trade receivables	325	199	-	-
Loss on disposal of property, plant and equipment	15	-	-	-
Loss on foreign exchange:				
- realised	276	12	-	-
- unrealised	45	-	-	-
Property, plant and equipment written off	-	2	-	-
Staff costs:				
- Salaries, bonus, allowances and overtime	5,514	5,332	896	967
- Employees' Provident Fund	705	653	133	119
- SOCSO	47	44	8	8
- Other related expenses	92	130	5	2
and crediting:				
Dividend income	-	1	3,718	6,522
Fair value gain on financial assets	393	276	144	78
Gain on disposal of property, plant and equipment	-	62	-	-
Gain on foreign exchange				
- realised	317	201	-	-
- unrealised	-	51	-	-
Interest income	35	161	9	77
Impairment loss on trade receivables no longer required	204	50	-	-
Rental income	177	172	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax				
- current year	(2,053)	(2,431)	(2)	-
- prior year	4	27	-	(5)
	(2,049)	(2,404)	(2)	(5)
Deferred tax (Note 17)				
- current year	75	(4)	-	-
- prior year	15	8	-	-
	90	4	-	-
	(1,959)	(2,400)	(2)	(5)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	8,736	8,806	4,156	5,721
Tax at Malaysian statutory income tax rate of 24% (2015: 25%)	(2,097)	(2,201)	(997)	(1,430)
Tax effects of:				
- non-deductible expenditure	(93)	(221)	(12)	(45)
- deferred tax not recognised on tax losses and temporary differences	114	(168)	115	(168)
- deferred tax recognised on effect of change in tax rate	-	-	-	(7)
- non-taxable income	98	155	892	1,650
- over/(under) accrual in prior year	19	35	-	(5)
Tax expense for the financial year	(1,959)	(2,400)	(2)	(5)

The income tax is calculated at statutory rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. EARNINGS PER SHARE

- (a) Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares on issue during the financial year.

	Group	
	2016	2015
Net profit attributable to owners of the Company (RM'000)	6,777	6,406
Weighted average number of ordinary shares on issue (Unit'000)	42,776	42,757
Earnings per share (sen)	15.84	14.98

- (b) The Group has no dilutive potential ordinary shares. As such, there is no dilution effect on the earnings per share of the Group for the current financial year.

25. DIVIDENDS

	Group and Company	
	2016	2015
	RM'000	RM'000
31 December 2015		
- single-tier interim dividend of 5 sen per ordinary share	-	2,138
- single-tier special dividend of 5 sen per ordinary share	-	2,138
	-	4,276
31 December 2016		
- single-tier interim dividend of 5 sen per ordinary share	4,278	-
	4,278	-
	4,278	4,276

26. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

Related parties	Relationship
SCC Corporation Sdn. Bhd.	Subsidiary
Anitox (M) Sdn. Bhd.	Subsidiary
SCC Food Manufacturing Sdn. Bhd.	Subsidiary
Positive Insight Sdn. Bhd.	Subsidiary
McDota (M) Sdn. Bhd.	A company in which certain directors have substantial interest
Cher Hwee Seng @ Chee Long Sing	A director of the Company
Sim Ah Choon	Spouse of Mr. Cher Sew Seng

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. RELATED PARTIES (CONT'D)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Management fees received				
- SCC Corporation Sdn. Bhd.	-	-	2,208	1,704
- Anitox (M) Sdn. Bhd.	-	-	588	420
- SCC Food Manufacturing Sdn. Bhd.	-	-	402	234
- Positive Insight Sdn. Bhd.	-	-	390	167
Dividend income received				
- SCC Corporation Sdn. Bhd.	-	-	3,063	4,922
- Anitox (M) Sdn. Bhd.	-	-	560	1,600
- SCC Food Manufacturing Sdn Bhd	-	-	95	-
Rental paid				
- McDota (M) Sdn. Bhd.	48	45	-	-
- Mr. Cher Hwee Seng	108	80	-	-
- Sim Ah Choon	60	35	-	-

(c) Compensation of key management personnel

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors				
Fees	72	72	72	72
Other emoluments	2,569	2,608	1,984	1,976
	2,641	2,680	2,056	2,048
Other key management personnel compensation				
Salaries and bonus	1,792	1,754	367	358
Other related expenses	220	194	46	127
	2,012	1,948	413	485

Other key management personnel is defined as those persons other than the directors of the Company having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. SEGMENTAL INFORMATION

(a) General information

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

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

(b) Measurement of reportable segments

Segment profit or loss is profit earned or loss incurred by each segment without allocation of central administrative costs, finance costs and income tax expense.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments. All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

2016	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Inter- Segment Elimination RM'000	Note	Consolidated RM'000
Revenue							
External sales	30,737	29,909	-	60,646	-		60,646
Inter-segment							
- Sales	3,210	-	-	3,210	(3,210)		-
- Management fees received	-	-	3,588	3,588	(3,588)		-
- Dividend income	-	-	3,718	3,718	(3,718)		-
Total Revenue	33,947	29,909	7,306	71,162	(10,516)	(a)	60,646

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENTAL INFORMATION (CONT'D)

(b) Measurement of reportable segments (cont'd)

2016	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Inter- Segment Elimination RM'000	Note	Consolidated RM'000
Results							
Other income							
- Fair value gain on financial assets	155	94	144	393	-		393
- Interest income	10	16	9	35	-		35
Impairment loss on trade receivables no longer required	204	-	-	204	-		204
- Rental income	145	272	-	417	(240)	(a)	177
- Misc income	436	129	-	565	(165)	(a)	400
Bad debt written off	(23)	-	-	(23)	-		(23)
Depreciation	(498)	(196)	-	(694)	-		(694)
Finance cost	(7)	-	-	(7)	-		(7)
Impairment loss on trade receivables	(192)	(133)	-	(325)	-		(325)
Loss on disposal of property, plant and equipment	(15)	-	-	(15)	-		(15)
Taxation expenses	(1,161)	(798)	-	(1,959)	-		(1,959)
Unrealised loss on foreign currency	(45)	-	-	(45)	-		(45)
Unallocated corporate expenses	(28,217)	(27,572)	(3,308)	(59,097)	7,087	(b)	(52,010)
Segment profit	4,739	1,721	4,151	10,611	(3,834)		6,777
Assets							
Additions to non-current assets	616	153	-	769	-		769
Tax recoverable	32	472	57	561	-		561
Segment assets	22,439	17,407	29,270	69,116	(22,836)	(c)	46,280
	23,087	18,032	29,327	70,446	(22,836)		47,610
Liabilities							
Deferred tax liabilities	54	23	-	77	-		77
Segment liabilities	7,482	5,596	2,362	15,440	(6,375)	(c)	9,065
	7,536	5,619	2,362	15,517	(6,375)		9,142

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. SEGMENTAL INFORMATION (CONT'D)

(b) Measurement of reportable segments (cont'd)

2015	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Inter- Segment Elimination RM'000	Note	Consolidated RM'000
Revenue							
External sales	28,249	32,125	-	60,374	-		60,374
Inter-segment							
- Sales	2,880	-	-	2,880	(2,880)		-
- Management fees received	-	-	2,525	2,525	(2,525)		-
- Dividend income	-	-	6,522	6,522	(6,522)		-
Total Revenue	31,129	32,125	9,047	72,301	(11,927)	(a)	60,374
Results							
Other income							
- Fair value gain on financial assets	137	62	77	276	-		276
- Interest income	42	41	78	161	-		161
- Impairment loss on trade receivables no longer required	50	-	-	50	-		50
- Rental income	146	251	-	397	(225)	(a)	172
- Misc income	243	138	-	381	-		381
Bad debt written off	(2)	-	-	(2)	-		(2)
Depreciation	(422)	(181)	-	(603)	-		(603)
Finance costs	(9)	(1)	-	(10)	-		(10)
Impairment loss on trade receivables	(199)	-	-	(199)	-		(199)
Property, plant and equipment written off	(2)	-	-	(2)	-		(2)
Taxation expenses	(1,142)	(1,253)	(5)	(2,400)	-		(2,400)
Unallocated corporate expenses	(26,054)	(27,868)	(3,485)	(57,407)	5,615	(b)	(51,792)
Segment profit	3,917	3,314	5,712	12,943	(6,537)		6,406
Assets							
Additions to non-current assets	493	185	-	678	-		678
Tax recoverable	-	-	37	37	-		37
Segment assets	20,525	15,936	4,546	41,007	-		41,007
	21,018	16,121	4,583	41,722	-		41,722
Liabilities							
Deferred tax liabilities	136	31	-	167	-		167
Segment liabilities	2,200	3,298	133	5,631	-		5,631
	2,336	3,329	133	5,798	-		5,798

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. SEGMENTAL INFORMATION (CONT'D)

(b) Measurement of reportable segments (cont'd)

Note:

Nature of elimination to arrive at amount reports in the consolidated financial statements:

- (a) Inter-segment revenue is eliminated on consolidated statements;
- (b) Inter-segment expenses are eliminated on consolidation;
- (c) Inter-segment assets and liabilities are eliminated on consolidation.

(c) Geographical segment

The activities of the Group are carried out primarily in Malaysia and as such, segmental reporting by geographical location is not presented.

(d) Information about major customers

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

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

	Revenue	
	2016	2015
	RM'000	RM'000
- Customer A	8,067	8,402
- Customer B	6,381	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

28. 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 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:

Group 2016	Loan and receivables RM'000	Available -for-sale RM'000	Financial assets at fair value through profit or loss RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets					
Investment securities	-	54	-	-	54
Trade receivables	13,091	-	-	-	13,091
Other receivables and deposits	311	-	-	-	311
Other investments	-	-	14,490	-	14,490
Cash and bank balances	5,000	-	-	-	5,000
	18,402	54	14,490	-	32,946
Financial liabilities					
Trade payables	-	-	-	4,922	4,922
Other payables, deposits and accruals	-	-	-	3,459	3,459
Hire purchase payables	-	-	-	92	92
Bank borrowing	-	-	-	71	71
	-	-	-	8,544	8,544
2015					
Financial assets					
Investment securities	-	67	-	-	67
Trade receivables	13,571	-	-	-	13,571
Other receivables and deposits	223	-	-	-	223
Other investments	-	-	8,249	-	8,249
Deposits placed with licensed bank	200	-	-	-	200
Cash and bank balances	5,866	-	-	-	5,866
	19,860	67	8,249	-	28,176
Financial liabilities					
Trade payables	-	-	-	2,961	2,961
Other payables, deposits and accruals	-	-	-	1,653	1,653
Hire purchase payable	-	-	-	181	181
	-	-	-	4,795	4,795

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

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

Company 2016	Loan and receivables RM'000	Available -for-sale RM'000	Financial assets at fair value through profit or loss RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Financial assets					
Other receivables and deposits	6,233	-	-	-	6,233
Other investments	-	-	4,972	-	4,972
Cash and bank balances	1,759	-	-	-	1,759
	7,992	-	4,972	-	12,964
Financial liabilities					
Other payables and accruals	-	-	-	2,262	2,262
2015					
Financial assets					
Trade receivables	94	-	-	-	94
Other receivables and deposits	6,234	-	-	-	6,234
Other investments	-	-	2,878	-	2,878
Cash and bank balances	1,649	-	-	-	1,649
	7,977	-	2,878	-	10,855
Financial liabilities					
Other payables and accruals	-	-	-	132	132

(b) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. Fair value of quoted equity instrument is determined directly by reference to their published market bid price at the reporting date.

There have been no transfers between Level 1 and Level 2 during the financial year (2015: no transfer in either directions).

The table below analyses financial instruments carried at fair value shown in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value information (cont'd)

Group 2016	Carrying amount RM'000	Fair value of financial instruments carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial assets					
Investment securities	54	54	-	-	54
Other investments	14,490	14,490	-	-	14,490
2015					
Financial assets					
Investment securities	67	67	-	-	67
Other investments	8,249	8,249	-	-	8,249
Company					
2016					
Financial assets					
Other investments	4,972	4,972	-	-	4,972
2015					
Financial assets					
Other investments	2,878	2,878	-	-	2,878

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk and market risk. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and receivables. The Company's exposure to credit risk arises principally from loan and advances to subsidiaries.

The management has in place a credit procedure to monitor and minimise the exposure of default. Trade and other receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

(i) Exposure to credit risk

At the reporting date, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position.

Information regarding credit enhancement for trade receivables is disclosed in Note 10 to the financial statements.

Deposits placed with licensed banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

(ii) *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The Group's trade receivables credit risk is concentrated in Malaysia.

(iii) *Inter company balances*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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

(iv) *Financial guarantees*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

As at the reporting date, one of the subsidiaries has not utilised the said banking facilities granted to certain subsidiaries.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	<----- Contractual Undiscounted Cash Flows ----->				
	Carrying amount RM'000	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2016					
Group					
Financial liabilities					
Trade payables	4,922	4,922	-	-	4,922
Other payables, deposits and accruals	3,459	3,459	-	-	3,459
Hire purchase payables	92	67	25	-	92
Bank borrowing	71	71	-	-	71
	8,544	8,519	25	-	8,544
Company					
Financial liabilities					
Other payables and accruals	2,262	2,262	-	-	2,262
2015					
Group					
Financial liabilities					
Trade payables	2,961	2,961	-	-	2,961
Other payables, deposits and accruals	1,653	1,653	-	-	1,653
Hire purchase payables	181	96	94	-	190
	4,795	4,710	94	-	4,804
Company					
Financial liabilities					
Other payables and accruals	132	132	-	-	132

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<i>Fixed rate instruments</i>				
Financial assets				
Deposits placed with licensed bank	-	200	-	-
Financial liabilities				
Bank borrowing - bank overdraft	71	-	-	-
Hire purchase payables	92	181	-	-

Sensitivity analysis for interest rate risk

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities and a change in interest rates at the end of the reporting period would not affect the Group's profit or loss.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM. The foreign currency in which these transactions are denominated is mainly US Dollar ("USD"). The Group's trade payable balance at the reporting date have similar exposure.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM117,410/- (2015 : RM81,182/-) for the Group.

Sensitivity analysis for foreign currency risk

A sensitivity analysis had been performed to determine the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group's entities. This analysis assumes that all other variables, in particular interest rates, remain constant. Based on the analysis, there is no material impact on the Group's profit net of tax on potential fluctuation of foreign currencies relevant to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Market risk (cont'd)

(iii) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed in the Bursa Malaysia Securities Berhad. These instruments are classified as held for sale financial assets.

A change in market price rates at the end of the reporting period would not have significant impact that affect the Group's profit or loss.

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Pursuant to the circular issued by the Malaysian Institute of Accountants on 2 February 2017, the Companies Commission of Malaysia had clarified that the Companies Act 2016 should be complied with for the preparation of financial statements and the directors' report and the auditors' report thereon commencing from the financial year/period ended 31 January 2017.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows.

The capital structure of the Group and of the Company consists of equity attributable to owners of the Company, comprising share capital, and retained earnings and total liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total liabilities	9,142	5,798	2,353	132
Equity attributable to owners of the Company	38,468	35,924	26,974	27,060
Gearing ratio	23.77%	16.14%	8.72%	0.49%

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

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profit or accumulated losses of the Group and the Company as at 31 December 2016 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	28,639	23,673	3,870	2,936
- Unrealised	66	400	1,159	78
	28,705	24,073	5,029	3,014
Less: Consolidation adjustments	(12,240)	(12,246)	-	-
Total retained earnings	16,465	11,827	5,029	3,014

The determination of realised and unrealised profits or losses is compiled based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

SHARE CAPITAL

Issued and Fully Paid-up Capital : RM21,387,900 divided into 42,775,800 ordinary shares
 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
18	Less than 100	402	*
102	100 to 1,000	75,250	0.18
503	1,001 to 10,000	2,582,300	6.04
191	10,001 to 100,000	5,704,381	13.34
32	100,001 to less than 5% of issued shares	15,657,392	36.60
4	5% and above of the issued shares	18,756,075	43.85
850	TOTAL	42,775,800	100

* 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	5,878,136	13.74
2. Chee Long Sing @ Cher Hwee Seng	5,000,000	11.69
3. Chee Long Sing @ Cher Hwee Seng	4,299,016	10.05
4. Goh Ah Heng @ Goh Keng Chin	3,578,923	8.37
5. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Equity Trust</i>	1,972,200	4.61
6. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust</i>	1,670,400	3.91
7. Soh Kian Teck	1,400,484	3.27
8. Chu Sou Taik	1,326,197	3.10
9. Tee Meng Hock	1,095,056	2.56
10. Ong Gee Leng	967,271	2.26
11. Tee Meng Hock	909,056	2.13
12. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Private Fund - Series 3</i>	863,060	2.02
13. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Emerging Opportunity Unit Trust</i>	779,600	1.82
14. Chu Sou Taik	688,000	1.61
15. Moke Ah Kow	440,200	1.03
16. Cher Chou Chiang	300,000	0.70
17. Tey Ser Kok @ Teh Ser Kok	250,000	0.58
18. Cher Lip Chun	249,940	0.58
19. Goh Foi Tee	230,000	0.54

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2017
(CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
20.	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Kim Ee (CCTS)</i>	223,400	0.52
21.	Low Kwi Yeen	200,000	0.47
22.	Look Kan Chai @ Look Shee Kiem	200,000	0.47
23.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tee Kian Hong (E-TSA)</i>	190,000	0.44
24.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Mak Tian Meng (MY0343)</i>	169,600	0.40
25.	Siow Kin Leong	150,000	0.35
26.	Kor Beng	150,000	0.35
27.	Goh Thong Beng	143,000	0.33
28.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for RHB Smart Balanced Fund</i>	140,000	0.33
29.	Chern Boon Seng	131,028	0.31
30.	Sim Ah Choon	125,000	0.29
	TOTAL	33,719,567	78.83

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	9,299,016	21.74	42,421 [#]	0.10
2.	Cher Sew Seng	5,878,136	13.74	-	-
3.	Goh Ah Heng @ Goh Keng Chin	3,578,923	8.37	-	-

Notes:-

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

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

	NAME OF DIRECTORS	NO. OF SHARES HELD			
		DIRECT	%	INDIRECT	%
1.	Chee Long Sing @ Cher Hwee Seng	9,299,016	21.74	187,421 [#]	0.44
2.	Cher Sew Seng	5,878,136	13.74	525,000 [*]	1.23
3.	Goh Ah Heng @ Goh Keng Chin	3,578,923	8.37	-	-
4.	Dato' Ismail bin Hamzah	-	-	-	-
5.	Dato' Dr Choong Tuck Yew	20,000	0.05	-	-
6.	Dr Goy Hong Boon	-	-	-	-
7.	Cher Lip Chun	249,940	0.58	20,000 [^]	0.05
8.	Chu Soo Meng	30,000	0.07	-	-

Notes:-

^{*} Deemed interest by virtue of his spouse's and children's direct shareholdings in SCC.

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

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

LIST OF PROPERTIES

Location of Property	Description (Existing Use)	Land Area Buildup Area (Sq ft.)	Tenure	Age of Building	Net Book Value as at 31.12. 2016	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	20 years	RM757,473	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	10 years	RM384,066	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	10 years	RM384,066	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	14 years	RM 352,232	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	14 years	RM337,679	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	46 years	RM289,241	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	20 years	RM272,926	June 1994

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting ("17th AGM") of SCC HOLDINGS BERHAD will be held at Swan 1, 7th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur on Monday, 29 May 2017 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors and Auditors Reports thereon. **(Please refer to Explanatory Note 9)**
2. To approve the payment of Directors' fees of RM72,000 for the financial year ended 31 December 2016. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire pursuant to Article 90 of the Company's Articles of Association:-
 - (i) Mr Cher Sew Seng **(Ordinary Resolution 2)**
 - (ii) Mr Goh Ah Heng @ Goh Keng Chin **(Ordinary Resolution 3)**
4. To re-appoint the following Directors of the Company:-
 - (i) Mr Chee Long Sing @ Cher Hwee Seng **(Ordinary Resolution 4)**
 - (ii) Dato' Dr Choong Tuck Yew **(Ordinary Resolution 5)**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

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

6. **Authority To Issue Shares Pursuant To Sections 75 and 76 Of The Companies Act 2016**

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

(Ordinary Resolution 7)
7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act 2016.

By Order of the Board
SCC HOLDINGS BERHAD

LEE WEE HEE (MAICSA 0773340)
WONG YUET CHYN (MAICSA 7047163)
Company Secretaries
Kuala Lumpur

28 April 2017

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 22 May 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 17th AGM.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes on Ordinary Business

9. **Audited Financial Statements for financial year ended 31 December 2016**
The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.
10. With the coming into force the Companies Act 2016 on 31 January 2017, there is no age limit for directors. At the 16th Annual General Meeting of the Company held on 25 May 2016, both Mr Chee Long Sing @ Cher Hwee Seng and Dato' Dr Choong Tuck Yew, who are above the age of 70, were reappointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the 17th AGM. Their term of office will end at the conclusion of the 17th AGM and they have offered themselves for re-appointment. The proposed Ordinary Resolutions 4 and 5, if passed, will enable both Mr Chee Long Sing @ Cher Hwee Seng and Dato' Dr Choong Tuck Yew to continue to act as Directors of the Company and they shall subject to retirement by rotation at a later date.

Explanatory Note on Special Business

11. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last Annual General Meeting held on 25 May 2016 and this authority will lapse at the conclusion of the 17th AGM of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29 OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("AMLR")

1. Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 17th AGM of the Company.

2. General mandate for issue of securities in accordance with Rule 6.04(3) of AMLR

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 11 of the Notice of 17th AGM.



FORM OF PROXY

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

of _____
(ADDRESS)

being a member/members of **SCC HOLDINGS BERHAD (511477-A)**, hereby appoint _____

_____ (NRIC No./Passport No. _____)
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

or failing him _____ (NRIC No./Passport No. _____)
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held at Swan 1, 7th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur on Monday, 29 May 2017 at 3.00 p.m. and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Mr Cher Sew Seng		
3.	Re-election of Mr Goh Ah Heng @ Goh Keng Chin		
4.	Re-appoint of Mr Chee Long Sing @ Cher Hwee Seng		
5.	Re-appoint of Dato' Dr Choong Tuck Yew		
6.	Re-appointment of Auditors		
7.	Authority to 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 _____ 2017.

Signature(s) of member(s)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 22 May 2017 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 17th AGM.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries

SCC HOLDINGS BERHAD (511477-A)
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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