



SCC HOLDINGS BERHAD

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ANNUAL REPORT 2022

www.scc.com.my



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VISION

Together we build green and wellness enterprises



MISSION

We strive to lead more people towards green and healthy living

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.

OBJECTIVE For the health of next generation and future earth

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.

For more information, please visit:
www.scc.com.my



CORPORATE INFORMATION

Board of Directors

Executive Chairman

Chee Long Sing @ Cher Hwee Seng

Managing Director

Cher Lip Chun

Deputy Managing Director

Cher Sew Seng

Independent Non-Executive Director

Dato' Ismail bin Hamzah

Independent Non-Executive Director

Tan Tian Wooi

Executive Director

Goh Ah Heng @ Goh Keng Chin
(Retired on 25 May 2022)

Independent Non-Executive Director

Datuk Wira Dr. Goy Hong Boon

Alternate Director to Cher Sew Seng

Cher Chou Chiang

Audit Committee

Chairman

Dato' Ismail bin Hamzah

Members

Datuk Wira Dr. Goy Hong Boon
Tan Tian Wooi

Nomination Committee

Chairman

Dato' Ismail bin Hamzah

Members

Datuk Wira Dr. Goy Hong Boon
Tan Tian Wooi

Remuneration Committee

Chairman

Datuk Wira Dr. Goy Hong Boon

Members

Dato' Ismail bin Hamzah
Chee Long Sing @ Cher Hwee Seng

Company Secretary

Thong Pui Yee
(MAICSA 7067416)
(SSM PC No. 202008000510)

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

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

Stock Exchange Listing

ACE Market
Bursa Malaysia Securities Berhad
Listed on 3 August 2010

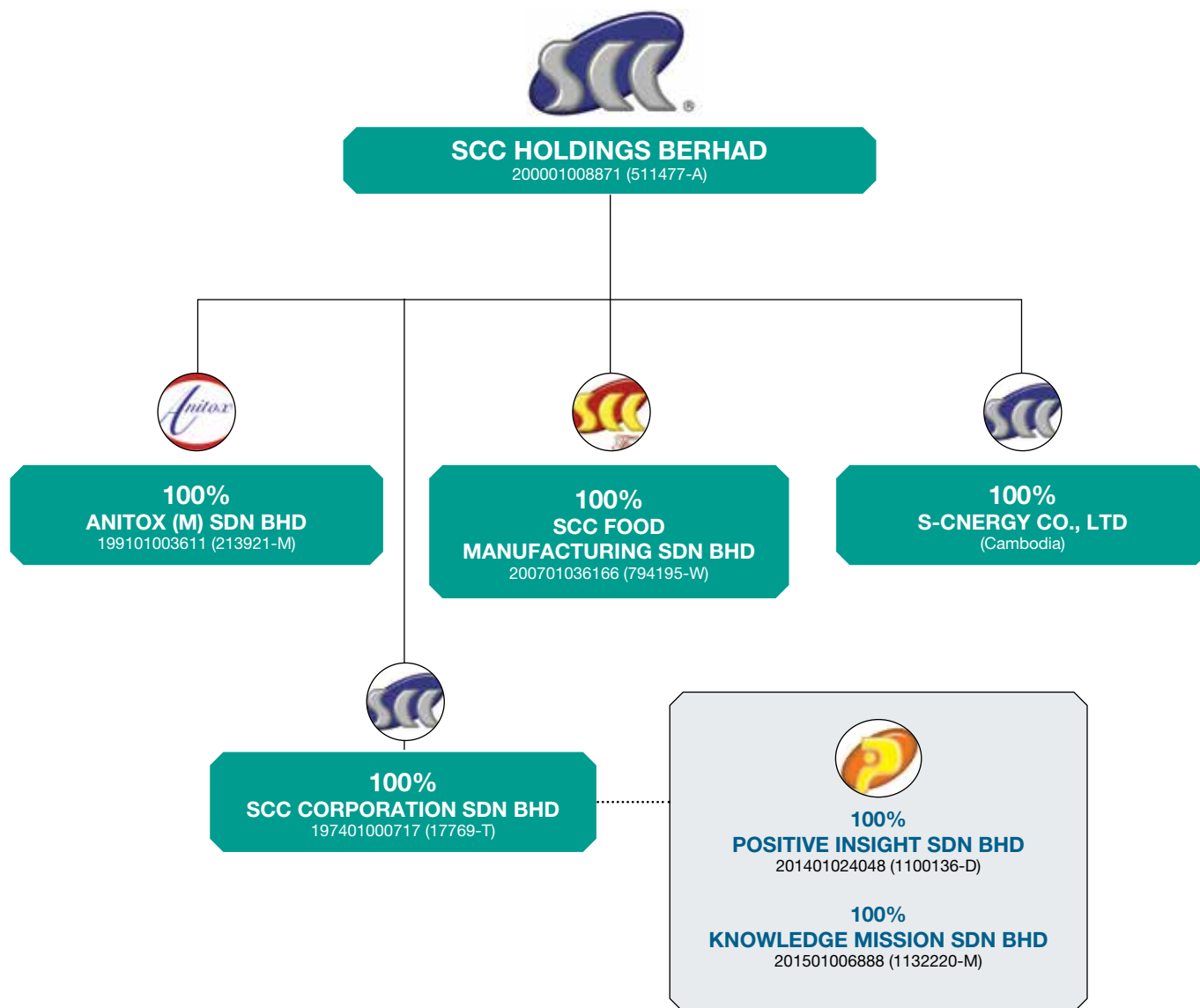
Share Registrar

ShareWorks Sdn Bhd
[199101019611 (229948-U)]
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel: 603-6201 1120
Fax: 603-6201 3121

Website

www.scc.com.my

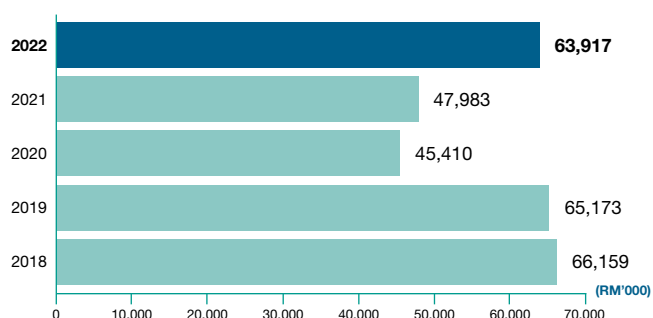
CORPORATE STRUCTURE



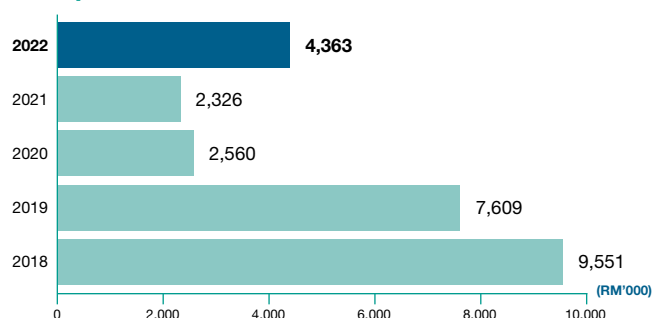
FINANCIAL HIGHLIGHTS

Group Five-Year Financial Summary	FYE 31 December 2022	FYE 31 December 2021	FYE 31 December 2020	FYE 31 December 2019	FYE 31 December 2018
Revenue (RM' 000)	63,917	47,983	45,410	65,173	66,159
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) (RM' 000)	5,341	3,318	3,623	8,714	10,138
Profit for the Year Attributable to Equity Holders (RM' 000)	2,554	1,730	1,522	5,427	7,149
Profit for the Year Margin (%)	4.00	3.61	3.35	8.33	10.81
Shareholders' Equity (RM' 000)	47,394	46,276	44,569	43,036	42,435
Return on Shareholders' Equity (%)	5.39	3.74	3.41	12.61	16.85
Basic Earnings Per Share (sen)	1.81	1.23	1.08	3.84	5.06
Interim and Special Dividend Per Share (sen)	1.00	1.00	-	3.40	3.40

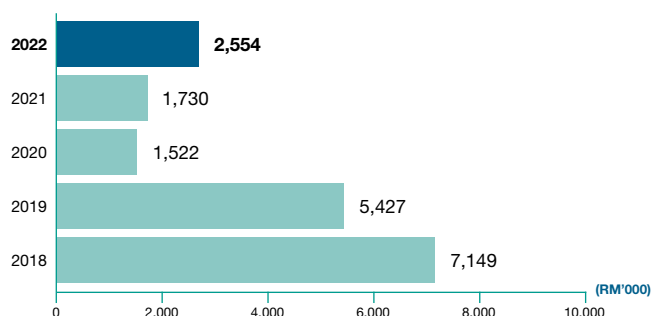
Revenue



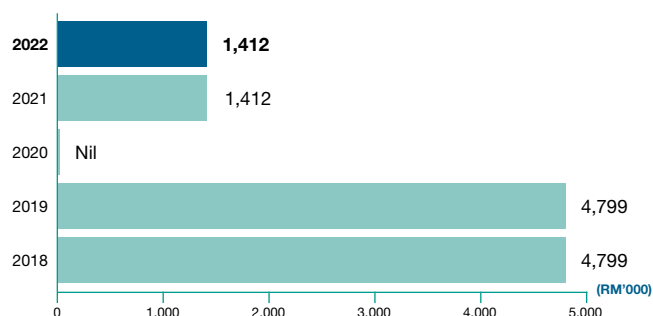
Group Profit Before Tax



Group Profit After Tax



Dividend



DIRECTORS' PROFILE

Chee Long Sing @ Cher Hwee Seng (Ben Cher)

Malaysian | Aged 79 | Male | Executive Chairman

Mr. Ben Cher was appointed to our Board on 17 April 2000 as Executive Chairman and member of the Remuneration Committee on 1 April 2010. He is a co-founder of the Group.

He is responsible for our Group's business development activities. He co-founded a partnership, Cheong Cheng Trading Co. in 1972, which was engaged in the provision of animal health products. In 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. He was appointed as the Managing Director in 1974 before being appointed to Executive Chairman in 1988.

Mr. Ben Cher has more than 51 years of experience in the animal health products and foodservice equipment industries.

Mr. Ben Cher is the elder brother of Mr. Francis Cher, uncle of Ms. Cheryl Cher and father of Mr. Adam Cher.

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

Cher Lip Chun (Adam Cher)

Malaysian | Aged 47 | Male | Managing Director

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

He is responsible for the overall business strategies and management of the Group. He obtained his Bachelor of Business (Marketing/International Business Management) from Charles Sturt University, Australia in 2002. In 2005, he joined SCC Corporation Sdn Bhd as Assistant Marketing Manager in the Foodservice Equipment Division ("FSED"), where he was responsible for the management of FSED's key customers. In 2008, he was promoted to Personal Assistant to the Executive Chairman and Business Development Manager of the Group, for both AHPD and FSED. Mr. Adam Cher has more than 18 years of experience in the animal health products and foodservice equipment industries.

He is the son of Mr. Ben Cher, nephew of Mr. Francis Cher and cousin of Ms. Cheryl Cher.

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

Cher Sew Seng (Francis Cher)

Malaysian | Aged 73 | Male | Deputy Managing Director

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

Mr. Francis Cher is a co-founder of the Group. He is assisting the Managing Director in the overall business strategies and management. He joined Cheong Cheng Trading Co. as a Sales Executive in 1972. Later in 1974, a private limited company, Syarikat Chang Cheng (M) Sdn Bhd, was formed to take over the business, which subsequently changed its name to SCC Corporation Sdn Bhd. He was appointed as a Director in 1976 before being appointed as Managing Director in 1988. Mr. Francis Cher has more than 50 years of experience in the animal health products and foodservice equipment industries.

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

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

DIRECTORS' PROFILE (CONT'D)

Dato' Ismail bin Hamzah

Malaysian | Aged 77 | Male | Independent Non-Executive Director

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

Dato' Ismail obtained his Bachelor of Economics (Hons) in Analytical Economics from the University of Malaya in 1970. Upon graduation, he joined the Administrative and Diplomatic Service and served in the Ministry of Finance as an Assistant Secretary. He has over 39 years of experience in economics and finance which he acquired from his previous key positions held in several Malaysian governmental agencies.

Dato' Ismail is also the Independent Non-Executive Director of JKG Land Berhad, Jasa Kita Berhad and Macro Holdings Berhad.

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

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

Datuk Wira Dr. Goy Hong Boon

Malaysian | Aged 51 | Male | Independent Non-Executive Director

Datuk Wira Dr. Goy was appointed to our Board on 1 April 2010 and is our Independent Non-Executive Director as well as a member of the Audit Committee and Nomination Committee and Chairman of the Remuneration Committee.

He is a corporate consultant with vast experience in local and international financial markets. Likewise, he has extensive knowledge in the field of information and communications technology. He began his career as Corporate Finance Manager at an International Investment bank, assisting several large corporations and Government-Linked Companies ("GLCs") in raising capital and funds via international and local financial markets. He was later promoted to Head the division of Corporate Finance and Advisory. Subsequently, he joined a leading local financial firm as Vice President for Business Development and Corporate Advisory. Thereafter, he discovered interest and business opportunities in the field of Information and Communications Technology ("ICT") and ventured into numerous ICT businesses. In addition, he establishes his consulting business focusing on Mergers, Acquisitions, Corporate restructurings, pre-initial public offerings, and ICT project funding.

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

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

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

Tan Tian Wooi

Malaysian | Aged 53 | Male | Independent Non-Executive Director

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

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

He has attended four (4) Board meetings held during the financial year after his appointment.

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

Cher Chou Chiang (Cheryl Cher)

Malaysian | Aged 47 | Female | Alternate Director to Mr. Cher Sew Seng

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

She is responsible for assisting the Managing Director in the overall administrative and foodservice equipment division of our Group. She obtained her Bachelor of Science in Business Administration from University of Nebraska Lincoln, College of Business Administration in 2000. In 2003, she joined SCC Corporation Sdn Bhd as Sales Executive in the Foodservice Equipment Division ("FSED"), where she was responsible for the management of FSED's key customers. In 2013, she was promoted to Division Manager of FSED. Ms Cheryl has more than 18 years of experience in the foodservice equipment industries. She has resigned as Division Manager on 31 March 2023.

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

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

Other Information

a. Directorship in Public Companies and Listed Issuers

Save for Dato' Ismail bin Hamzah, none of the Directors has any directorship in Public Companies and listed Issuers.

b. Conflict of Interest

None of the Directors has any conflict of interest with SCC Holdings Berhad.

c. Conviction of Offences

None of the Directors has been convicted for any offences within the past 5 years other than traffic offences, if any.

KEY SENIOR MANAGEMENT'S PROFILE

Key Senior Management comprises individuals who hold critical leadership positions within an organization, responsible for driving strategic decisions and managing daily operations.

The Key Senior Management of the Group includes:

Mr. Chee Long Sing @ Cher Hwee Seng

Malaysian | Aged 79 | Male

Mr. Chee Long Sing @ Cher Hwee Seng currently holds the position of Executive Chairman of the Group. He is responsible for overseeing the overall business operation and development of the Group. Further details can be found in the Directors' Profile on page 5 of the Annual Report.

Mr. Cher Sew Seng

Malaysian | Aged 73 | Male

Mr. Cher Sew Seng currently holds the position of Deputy Managing Director of the Group. He is responsible for overseeing the overall business strategies and management of the Group. Further details can be found in the Board of Directors' Profile on page 5 of the Annual Report.

Mr. Cher Lip Chun

Malaysian | Aged 47 | Male

Mr. Cher Lip Chun currently holds the position of Managing Director of the Group. He is responsible for overseeing the overall business strategies and management of the Group. Further details can be found in the Board of Directors' Profile on page 5 of the Annual Report.

CHAIRMAN'S STATEMENT

After years of uncertainty in view of global pandemic, 2022 saw a semblance of a return to old normal. The Malaysian economy continues to recover as containment measures for COVID-19 pandemic were progressively relaxed underpinned by waning daily new infections. As the recovery from the aftermath of the pandemic took hold, the fragile national economy was once again hit hard by surging inflation and weakening ringgit. The forming of the new unity government, somehow, was seen to be a godsend for the rejuvenation of long-term economic growth.

Celebrating its golden jubilee this year, SCC Group ("SCC") has stood the test of time. Caught in the headwinds of pandemic, global conflicts and rising costs, SCC proved remarkably resilient as it has achieved positive turnaround in its financial performance, notably, turning in profits consecutively. The Group's financial results and segmental performances are further expounded in Management Discussion & Analysis section in this Annual Report.

In 2022, the ringgit was on a weakening trend against a strong greenback driven by the Federal Reserve's hawkish tilt, aggravated by heightened domestic political risk premium. As existing headwinds subside, it was reckoned that 2023 could be a less turbulent one for the market. Expectations remained bright for the ringgit as one of the favourite expressions for the eventual reopening of China and Malaysian government's increasingly pro-investor policies. We believe that a recovery in ringgit augurs well for the Group in terms of lower import costs given its domestic-centric business nature.

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

Chee Long Sing @ Cher Hwee Seng
Executive Chairman

SCC HOLDINGS BERHAD

50TH ANNIVERSARY

It started as a small animal health products trading company in 1972, founded by two brothers and a good friend, namely Mr. Ben Cher, Mr. Francis Cher, and Mr. Goh Keng Chin. They lived above the small shop lot in Taman Overseas Union, where the ground floor was utilized as office, warehouse, showroom, and training spot. This has since transformed into our headquarters today, and it all began 50 years ago.



SCC had managed to stay in business through many economic turmoil and financial crises in the 80s, 90s, 00s and the latest pandemic with a prudent management philosophy and strong financial status championed by the founders and passed on to subsequent management teams.

Established the company as Chang Cheng Trading Co. to trade animal antibiotics, vaccines, etc.

1972

The Journey So Far...

1974

Incorporated the company as Syarikat Chang Cheng Sdn Bhd, a formal limited company.

First venture in the food business by bringing in the first commercial pressure fryer into Malaysia and using them in our very own McDota Fried Chicken franchise restaurants.

1978



1980s

Starting to gain a reputation in the foodservice industry, more and more established international foodservice equipment brands appointed SCC as their distributor for Malaysia.

Determined to care for the food safety of the next generation, we declared that SCC would no longer deal with antibiotics and promote only natural health growth products to livestock customers. We also educated them on the benefits of natural health ingredients compared to the use of antibiotics in their feeds.



SCC Food Manufacturing Sdn Bhd was incorporated to process one-step solution pre-mixed ingredient powder for fast food chain accounts.

S-Cnergy Co. Ltd. was formed in Cambodia, signifying the first step we ventured into overseas markets.

Our new coffee and beverage showroom cum activities center, next to the existing showroom, is open!



It's our 50th anniversary! Time to reminisce on the memories and explore the future for the next 50 years.



1990s

2000

2009

2010

2019

2022

The Journey So Far...

Changed the company name to SCC Corporation Sdn Bhd to align with current market circumstances.



After months of preparation, we successfully listed on Bursa Malaysia ACE market on 3rd August 2010.



As SCC Holdings Berhad marks its 50th anniversary, the company's journey so far has been a testament to its resilience, commitment to excellence, and focus on innovation. SCC's journey continues, and the company remains dedicated to providing quality products and services while striving for continuous growth and success.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Business and Operations

The principal activities of SCC Holdings Berhad (“SHB”) and its subsidiaries (“the Group”) in the financial year ended 31 December 2022 (“FYE2022”) are divided into three distinctive business segments and there are no changes since the year before.

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

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

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

The year under review (FYE2022) has brought about great cause for celebration among all of us at SCC, as we achieved a significant milestone with the Group’s 50th anniversary. This achievement is a testament to our resilience and unwavering dedication to excellence.

Going forward, the Group’s focus is to continuously enhance its product range and deliver innovative products and services in order to be the industry’s top choice. In addition, it will explore new markets and business opportunities, which will enable us to reach out beyond our traditional customer base to ensure that we can continue sustainably and passionately for another 50 years and beyond.

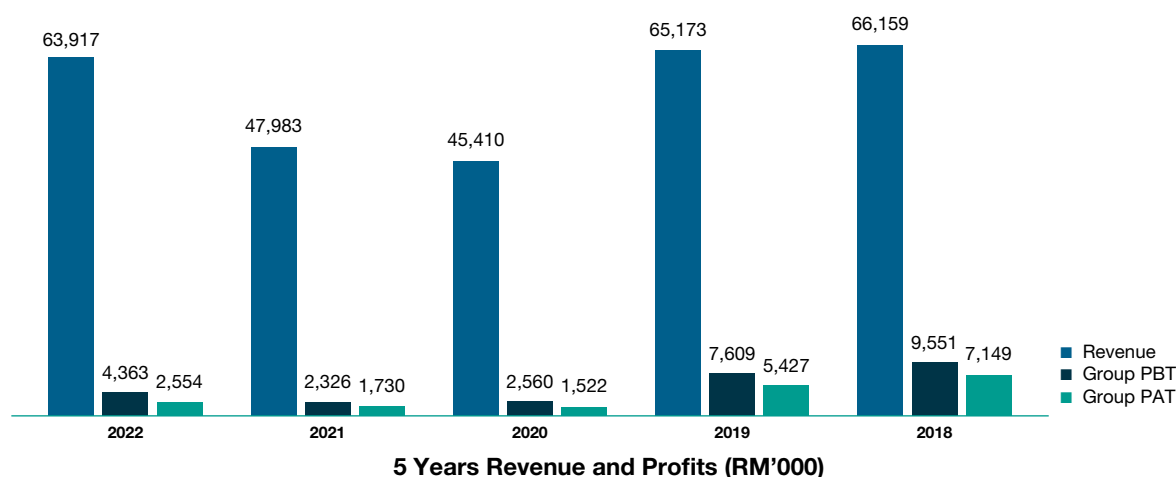
Financial Performance Review

Since its outbreak in January 2020, the Covid-19 pandemic is finally showing signs of retreating in the year 2022. As the country lifted pandemic-induced restrictions and transitioned to an endemic phase, business like ours were no longer held back. With the return to normalcy, our business team could finally go back full steam to holding physical marketing and promotional activities to reconnect with customers to drive sales.

As a result, 2022 was a turnaround year for the Group as it finally came out of the woods, having navigated through the Covid-19 storm and managed to record a consolidated revenue that matched its pre-pandemic performance.

Nevertheless, we are not spared from the global economic uncertainties that included geopolitical tensions, global supply chain disruptions, as well as historic inflationary cost pressure.

Review on Statement of Comprehensive Income



Financial Performance Review (cont'd)

Review on Statement of Comprehensive Income (cont'd)

During the financial year ended 31 December 2022 ("FYE 2022"), the Group achieved consolidated revenue of RM63.92 million compared to RM47.98 million reported in the previous year which represents an increase of approximately 33% mainly attributable to the marked increase in revenue contributed by FSED since the first quarter of FYE 2022. This is a reflection of the revival in the F&B industry boosted by the reopening of international borders, coupled with disciplined value management.

In line with the increase in revenue, our gross profit increased by approximately 35% from RM13.73 million in FYE 2021 to RM18.58 million in FYE 2022.

Profit before tax of the Group surged by approximately 88% from RM2.33 million in FYE 2021 to RM4.36 million in FYE 2022 on the back of revenue growth and effective cost management.

Review on Statement of Financial Position

Non-current assets increased slightly from RM6.83 million in FYE 2021 to RM6.85 million in FYE 2022 mainly due to an increase in Property, plant and equipment in FYE 2022.

Despite a significant surge in revenue during the year under review, Trade Receivables only exhibited a marginal increase of RM0.21m, which can be primarily attributed to the increased collections during the latter part of FYE 2022.

Inventories increased significantly as a result of the Group's conscious effort to steadily build inventory buffers that will provide a cushion against potential disruptions in the supply chain in view of the outlook mentioned in our anticipated risk section below.

Working Capital, Liquidity

The Group maintains a robust working capital ratio as it continues its prudent policy on working capital management.

The financial prospect of the Group continues to be well guarded with its enviable zero gearing position which places it in a favourable financial position to capture any good opportunity to enhance our future growth prospect.

Dividend

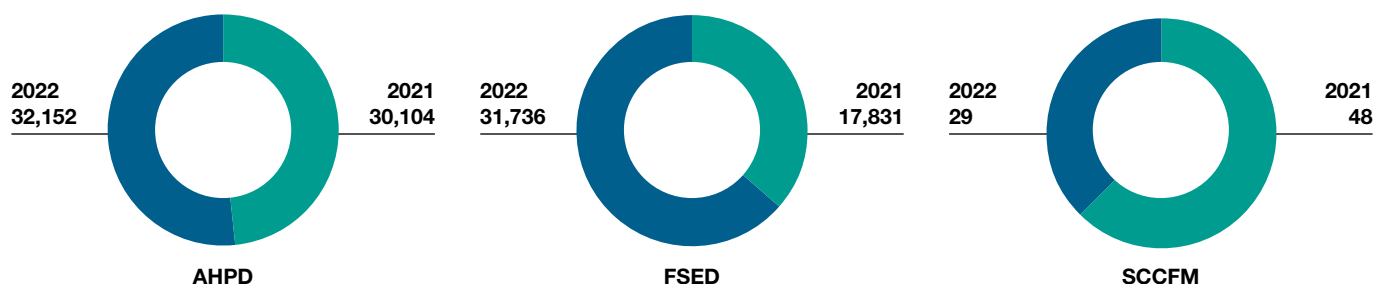
For the FYE 2022, we are pleased to deliver interim dividends of 1 sen per ordinary share, paid within 30 days of the date of announcement.

This is in line with the Group's performance and as recognition for the continuous support of our loyal shareholders.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Segmental Business Review / Review of Operating Activities



Animal Health Products Division ("AHPD")

During FYE 2022, AHPD has again emerged as the main contributor for the Group's revenue, slightly surpassing the 50% mark. Revenue contribution from AHPD increased marginally by RM2.05 million or 7%.

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

These predicaments faced by poultry companies will likely cast a shadow on the outlook for the segment which is compounded by the outbreak of the African swine fever (ASF) resulting in the closure of a growing number of pig farms in the country.

Nevertheless, given the government's focus on food security in the recent Madani Budget 2023, the prospects for achieving higher growth are still good.

Moving forward, the division will organize more customized promotions and collaborating with suppliers to hold targeted seminars to drive sales.

Foodservice Equipment Division ("FSED")

The segment saw a significant increase in revenue of approximately 78% from FYE 2021 and contributed 49% to the overall revenue of the Group.

Its performance has been encouraging since the first quarter of FYE 2022 due to overall increase demand for its foodservice equipment and food supplies by customers, mainly cinemas and restaurant chains as business activities resumed to near pre-pandemic levels following the lifting of movement control restrictions by the Government.

The division is seeing an increased interest from many potential customers since the country's borders reopened in April 2022. These include leads received during the pandemic and from networks and relationships the Group has built over the years. The division will actively pursue such leads in FYE 2023.

FSED has also implemented its business plan by enlarging its showroom and introducing a cafe-style showroom cum experimental store concept to appeal to customers who are more likely to respond positively to experiential-based marketing.

Segmental Business Review / Review of Operating Activities (cont'd)

Food Manufacturing ("SCCFM")

For FYE 2022, SCCFM recorded a decrease of 40% in revenue which represented 1% of total group revenue amid a competitive operating environment.

The Group's strategy to sustain the business segment involves conducting trials with potential customers by offering samples of its products to them and constantly developing innovative flavors through extensive research and development to retain our existing customers.

Anticipated or Known Risks

Business Risks

While navigating the fiercely competitive landscape of the business world, our Group is constantly challenged by the onslaught of new players vying for a share of the market, all while offering similar product categories.

However, our steadfast commitment to delivering exceptional quality products and outstanding services to our customers allows us to maintain our competitive edge. We achieve this by collaborating closely with our clients, staying up to date with emerging market trends, and investing in the professional development of our human capital to equip them with the necessary skills to overcome the challenges posed by the competition.

Supply Chain Disruption Risks

The Group relies on suppliers to provide on-time shipments. The availability and timeliness of deliveries are critical to our ability to meet customer demand. Hence, we have put in place, as part of our risk management policy, inventory buffers to accommodate temporary shortage or delivery disruption as any material disruptions of delivery could result in us not being able to meet customers' demands which will have an adverse impact on our sales, earnings, financial condition and liquidity.

Foreign Currency Exchange Fluctuation Risk

The Group is exposed to foreign exchange fluctuation as most of the Group's purchases are denominated in foreign currencies such as US Dollar ("USD"). The USD/RM rate is the primary driver of the Group's currency risk as its exposure to other currencies is minimal.

To mitigate this risk, the Group diligently monitors the foreign exchange rates and shall enter into foreign currency hedging contracts if deemed necessary.

Exposure To Credit Risk

The Group's exposure to credit risk arises primarily from trade receivables. Financial difficulties experienced by our customers, some of whom have been adversely impacted by the Covid-19 pandemic since its onslaught in 2020 could result in delays in collection and greater bad debt expense.

Nevertheless, the Group's objective remain to seek continuous revenue growth while minimising losses from impairment and bad debts. To achieve this, the Group assesses and approves credit terms on a case-by case basis after taking into account factors such as customer's payment track record, financial standing and length of business relationship and size of transaction.

It is worth noting that as we transition into the endemic phase, the situation is gradually improving, and the Group is actively monitoring the situation to ensure that credit risk exposure is kept under control.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Future Prospects and Outlook

In 2023, the global economy is anticipated to face significant challenges, with major economies such as the United States, Europe, and China experiencing weakening economic activities. The International Monetary Fund ("IMF") has predicted a mere 2.9% Gross Domestic Product ("GDP") growth for the year, indicating a headwind for the global economy.

One of the factors weighing down the global economy is the elevated cost pressures and higher interest rates, which have contributed to the persistence of core inflation above historical averages. This situation has led to expectations that central banks will continue raising interest rates, further impacting economic growth.

Moreover, the growth outlook for the global economy remains subject to downside risks, particularly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and a sharp tightening in financial market conditions. These factors could pose significant challenges to economic growth.

In the domestic sphere, the establishment of a unity government following a prolonged period of political uncertainty prior to the 15th general election is expected to have a favorable effect on the economic outlook of the nation for 2023.

Looking ahead, Bank Negara Malaysia ("BNM") expects a moderate economic growth in 2023 due to the slower global economy. According to BNM, growth will be fueled by domestic demand, and business activity is anticipated to rise as tourist arrivals continue to increase. Additionally, investment activity will be supported by multi-year infrastructure projects.

Despite the current challenging business environment, we maintain a strong conviction that long-term growth opportunities exist and can be captured to sustain revenue and net profit growth. We are committed to pursuing these opportunities and adapting to changing market conditions to maintain our competitiveness.

In addition to our unwavering belief in our ability to seize growth opportunities, we are also fortunate to have comfortable financial reserves. This financial strength provides us with a solid foundation to weather any further deterioration in the business environment, ensuring that we can continue to meet our financial commitments and sustain our operations. This enables us to remain agile and responsive to changing market conditions, while continuing to drive growth and profitability in the long term.

Overall, the Board maintains a cautious optimism regarding the expected performance in FYE 2023, considering the current market conditions that are being impacted by global supply chain disruptions and inflationary cost pressures. Nonetheless, we are hopeful that our growth and expansion plans will deliver positive outcomes, supported by our consistent efforts in cost optimization, improved productivity, and efficient allocation of resources.

SUSTAINABILITY STATEMENT

As SCC Holdings Berhad and its subsidiaries (“SCC Group” or “the Group”) celebrates its 50th company anniversary, the Group is proud to reflect on its sustainability journey and the progress it has made towards creating a more responsible and equitable future. SCC Group remains committed to advancing sustainable practices and driving positive economic, environment and social impacts in all aspects of its business. Through collaboration, innovation, and continuous improvement, the Group strives to create value for its stakeholders while maintaining a resilient and profitable operation that can endure for another 50 years and beyond.

Economic

Stakeholder Engagement

SCC Group prioritizes stakeholder engagement as a means to gain valuable insights and build meaningful relationships. The Group’s stakeholder engagement program includes regular meetings with suppliers, customers, and other key stakeholders. It also conducts annual general meetings and maintains an investor relations website to provide stakeholders with important updates and encourage open communication. These initiatives reflect the Group’s commitment to accountability and collaboration with all its stakeholders towards a sustainable future.

Supply Chain Management

Ensuring the safety and quality of its products is a top priority for the Group and it has implemented rigorous supply chain management practices to achieve this objective. To this end, the Group obtained the ISO 22000:2018 and Halal certification standards, which ensure that its products comply with global food safety regulations and meet the requirements of the Halal certification. These certifications demonstrate the Group’s unwavering commitment in upholding the highest standards of quality and safety across its entire supply chain, from sourcing to delivery. SCC Group continuously monitors and enhances its supply chain practices to minimize risk and ensure that its products consistently meet or exceed its customers’ expectations. By maintaining these exacting standards, the Group aims to foster trust with its customers and stakeholders and contribute to a sustainable and responsible food system.

Financial Performance

SCC Group’s financial performance is a fundamental metric of its organization’s sustainability and the Group places a high importance on maintaining its robustness. The Group’s strategic goal is to sustain profitability by effectively managing risks and capitalizing on growth opportunities. In pursuit of this objective, the Group has established a comprehensive framework for financial management, incorporated best practices in reporting, analysis and risk assessment. The Group’s ability to consistently adapt to market changes and maintain financial stability, even during challenging times such as economic downturns or unexpected disruptions, is a testament to its agility and responsiveness. The Group’s commitment to sustainable financial performance benefits its stakeholders in the long term, and the Group will continue to prioritize it in all its business decisions.

Environmental

In the context of growing environment challenges, the Group is accelerating its transformation towards a model respecting planetary boundaries and reinforcing its commitments to sustainability. As part of this commitment, the Group offers sustainable solutions to its customers that promote health and wellness while minimizing its impact on the environment.

For instance, TurboChef Rapid Cooker reduces cooking times by up to 80% compared to traditional ovens, resulting in less energy consumption and waste. Additionally, Irinox Blast Chiller and Orved Vacuum Pack Machines are eco-friendly products that rapidly chill and preserve food, respectively, reducing the risk of bacterial growth, extending shelf life, and minimizing waste.

Furthermore, the Group is also committed to providing non-antibiotic animal health products that promote animal health and wellness while reducing the risk of antibiotic resistance. These products exemplify the Group’s commitment to providing sustainable solutions that benefit its customers and the environment.

SUSTAINABILITY STATEMENT (CONT'D)

Social

SCC Group recognizes the importance of engaging with its local communities and supporting their development. The Group has been implementing volunteer programs and community outreach initiatives to promote social cohesion and contribute to sustainable development. The Group's goal is to build strong relationships with local stakeholders and make positive impacts in the areas where it operates. The Group believes that by working together, it can create shared value for both its business and the communities it serves.

As a company committed to promoting sustainability and investing in the health of future generations, SCC Group is proud to have sponsored the Badminton Junior Open. Through this partnership, we are able to promote healthy lifestyles and physical activities among young people in the community, while demonstrating our commitment to social responsibility.



Working closely with local organizations and community leaders, SCC Group is delighted to play a small part in promoting equitable access to essential resources by donating Covid-19 test kits to underprivileged communities. The Group recognizes that these communities often face significant barriers to accessing healthcare, and it is proud to support initiatives that help to bridge this gap.

The Group's timely donation to the flood victims is an indication of our dedication to sustainability, both in social and environmental terms. The Group firmly believes that supporting those affected by natural disasters and rendering timely assistance is a crucial step in creating a more sustainable future for all.



In a nutshell, SCC Group remains steadfast in its commitment to sustainability and corporate social responsibility. Through the implementation of various initiatives, the Group has significantly reduced its environmental impact, engaged with stakeholders, and supported local communities. However, the Group recognizes that there is always room for improvement, and it should not rest on its laurels. SCC Group will continue to closely monitor its performance and identify areas for further enhancement to ensure that it remains at the forefront of sustainable and responsible business practices.



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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This statement is prepared in compliance with Ace Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read in conjunction with the Corporate Governance Report (“CG Report”) 2022 of the Company which is available on SCC Holdings’ website: <http://www.sccholdings.com.my>.

The CG Report 2022 spells out the details on how the Group has applied each Practice as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) during the financial year ended 31 December 2022 (“FYE 2022”).

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board responsibilities

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

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

The Group has documented clear policies to identify and segregate the functions and responsibilities of the Board and the Management, Executive Chairman as well as the Managing Director in ensuring the smooth running of the Group’s business and operations.

Their responsibilities are guided by the Board Charter, which has been reviewed and updated to be in line with the practices of MCCG 2021 and the Companies Act 2016, a copy of which is made available to all Directors of the Company. The Board Charter is available at SCC’s corporate website at www.sccholdings.com.my.

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

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

Mr. Chee Long Sing @ Cher Hwee Seng, as the Executive Chairman leads the Board by overseeing the strategies and business affairs of the Group.

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

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

III. Company Secretary

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

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

IV. Board Composition

The Board currently comprises 6 (Six) members, i.e. 3 (Three) INEDs and 3 (Three) Executive Directors. The size and the composition of the Board remains adequate to provide a diversity of views, skills, knowledge and experience to facilitate effective decision making and an appropriate balance of executive independent and non-independent directors.

The profile of each of the Board of Directors is presented in the Annual Report 2022 from page 5 to page 7.

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

Female candidates will be considered when vacancies arise that are able to support the achievement of the Group's objectives.

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

The activities of the NC are further elaborated in the CG Report under Practices 5.6 to 5.8 of the MCCG 2021.

V. Nomination Committee

The NC was established in 2010. The primary objective of the NC is to ensure that the Board is comprised of individuals with an optimal mix of qualifications, skills and experience.

Meetings of the NC are held as and when necessary, and at least once a year.

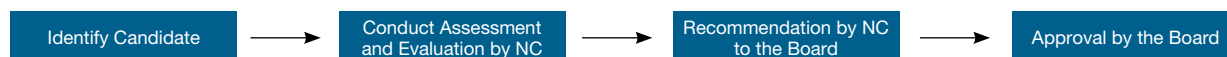
The present composition of the NC consists of 3 members of the Board, all of whom are Independent Non-Executive Directors.

The Terms of Reference of the NC was updated and approved on 24 November 2016 and is available at the Group's corporate website at www.sccholdings.com.my

The NC's key responsibilities are: -

(a) Appointment of New Director

The chart below shows the procedures on appointment of new Director



The appointment of new Director to the Board is based on the recommendations of the NC.

The NC, in making a recommendation to the Board on the candidate as a new Board appointment, shall have regards to:

- (i) Size, composition, diversity (including gender diversity) and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group;
- (ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of INED, the independence criteria as set out in Rule 1.01 of the AMLR; and
- (iii) The appropriate number of Independent Directors to fulfil the requirements under AMLR which requires at least 2 or 1/3 of the membership of the Board to be Independent Directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

V. Nomination Committee (cont'd)

(b) Board Evaluation

The evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including INED was conducted in-house under the purview of the NC and facilitated by the Company Secretary.

The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory requirements and emerging best practices of MCCG 2021 as the method of evaluation.

The NC assesses the effectiveness of the Board and the Board Committees, as well as performance of the individual Directors on an annual basis. In addition to these annual assessments, the NC actively identifies the gaps in the Board composition as well as identifies and selects new members to the Board.

The questionnaires comprised the Board and Board Committee Effectiveness Assessments, Directors and Board Committee members' Self and Peer Assessments, were issued to the Board/Committee members. On 23 November 2022, the analysis of the annual assessments results and feedback from the Board/Committee members were presented by the Company Secretary for the NC/Board's consideration in developing action plans for enhancing its overall effectiveness.

(c) Re-election of Directors

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors.

The NC is responsible for making recommendation to the Board for the re-election of Directors who retire by rotation. Their recommendations are based on formal reviews on the performance of Directors, taking into consideration the Board Competency Matrix.

Further, the Constitution of the Group provides that all Directors shall retire by rotation once in every 3 years or at least 1/3 of the Board shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting.

Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by shareholders at the following Annual General Meeting immediately after his/her appointment.

NC's Activities During The FYE 2022

Below is a summary of the activities undertaken by the NC for the FYE 2022: -

- (a) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
- (b) Reviewed and assessed the independence of Independent Directors and their tenure of service;
- (c) Reviewed and assessed the term of office and performance of the AC and each of its members;
- (d) Reviewed the succession plan for the Board members;
- (e) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for re-election at the upcoming AGM;
- (f) Assessed Directors' training to ensure all Directors receive appropriate continuous training programmes; and
- (g) Reviewed and recommended to the Board the adoption of Directors' Fit and Proper Policy.

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

V. Nomination Committee (cont'd)

Tenure of Independent Directors

As at the reporting date, Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have served more than nine (9) years as Independent Directors. The Board through its NC had conducted an assessment of the independence of the Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the AMLR and are able to provide objective and independent judgement in deliberation of the Board's agenda.

The NC takes cognisance of Practice 5.3 of MCCG 2021 that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.

During FY2022, the Board through its NC conducted an assessment of the independence of all its Independent Non-Executive Directors and was satisfied that the Independent Non-Executive Directors have fulfilled the criteria under the definition of Independent Director as stated in the AMLR and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board had recommended the retentions of Dato' Ismail bin Hamzah and Datuk Wira Goy Hong Boon as Independent Non-Executive Directors which were approved by the shareholders via two-tier voting process at the Twenty-Second Annual General Meeting ("AGM") ("22nd AGM") held on 25 May 2022.

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

- Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon continue to fulfil the criteria and definition of an Independent Director as set out under Rule 1.01 of AMLR.
- During their tenure in office, Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director(s), major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties.
- During their tenure, Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have never transacted or entered into any transactions with, nor provide any services to the Company and its subsidiaries, the Executive Director(s), major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under paragraph 5 of the Guidance Note 13 of the AMLR;
- During their tenure, Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have not been offered or granted any options by the Company. Other than directors' fees paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to them by the Company;
- During their tenure, Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making processes; and
- During their tenure, Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

VI. Promoting Good Business Conduct

Code Of Conduct and Ethics

The Board had established a Code of Conduct and Ethics for the Group on 25 April 2013, and together with the management, implemented its policies and procedures which governs, amongst others, dealings with customers and suppliers, managing conflicts of interest, maintaining confidential information, accepting gifts, loans and entertainment, accepting directorship outside the Group, complying with laws and regulations, ensuring a healthy and safe environment, protection and use of the Group's asset, insider information and securities trading and sexual harassment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

VI. Promoting Good Business Conduct (cont'd)

Code Of Conduct and Ethics (cont'd)

The Code of Conduct and Ethics is periodically reviewed and is available on the Group's corporate website at www.sccholdings.com.my

Whistleblowing Policy

The Board had established the policies and procedures on whistleblowing for the Group on 30 April 2018. The Group's whistleblowing policies and procedures provide an avenue for all employees of the Group and members of the public to raise concerns or disclose any improper conduct within the Group and to take appropriate action to resolve them effectively.

The Whistleblowing Policy is periodically reviewed and is available on the Group's corporate website at www.sccholdings.com.my

Anti-Bribery And Anti-Corruption Policy

The Board has in place an Anti-Bribery and Anti-Corruption Policy to prevent corrupt practices and to provide a measure of assurance and defence against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Anti-Bribery and Anti-Corruption Policy is available on the Group's corporate website at www.sccholdings.com.my

Directors Fit And Proper Policy

The Board has in place a Directors' Fit and Proper Policy, which was adopted on 25 May 2022, which sets out the fitness and propriety for the appointment and re-election of Directors and to ensure that each of the Director has the character, integrity, experience, competence and time commitment to effectively discharge his/her role as a Director of the Group in tandem with good corporate governance practices.

The Directors' Fit and Proper Policy is available on the Group's corporate website at www.sccholdings.com.my

Governance Of Sustainability

The Board and Key Senior Management are mindful of the importance of building a sustainable business and are determined to embed sustainability into the Group's business operations to achieve the objectives of the Group by minimising the environmental impact arising from the operations as well as improving social and economic conditions for all stakeholders.

The Board is responsible for the overall sustainability strategy and oversees the Group's sustainability framework whilst the Managing Director/Executive Directors are responsible for incorporating sustainability into the business strategies and business decisions.

As addressing material sustainability risks and opportunities is the responsibility of the Board and Key Senior Management, the performance evaluation of the Board and Key Senior Management includes the consideration of Environmental, Social and Governance ("ESG") issues or sustainability.

The NC and Board would assess the trainings attended by all Directors to ensure that the Directors are continuously kept abreast of sustainability issues and climate-related risks and opportunities.

The details of the Group's sustainability practices are set out in the Sustainability Statement in this Annual Report.

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

VII. Board Remuneration

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

The INEDs’ remuneration comprises annual fees that reflect their expected roles and responsibilities. The Company has obtained approval from the shareholders at the 21st AGM held on 27 May 2021 to pay the Directors’ Fees to the INEDs for the FYE 2020, 2021 and 2022. The Company has also obtained approval from the shareholders at the 22nd AGM held on 25 May 2022 to pay the Directors’ Fees to the INEDs for the FYE 2023.

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

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

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

The details of the remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2022 are as follows:

Director’s Name	Director Fee	Salary and Emoluments	Bonuses	EPF (Employer)	SOCISO/ EIS (Employer)	Benefits in Kind	Total
Chee Long Sing @ Cher Hwee Seng	-	360,000	30,000	-	890	10,625	401,515
Cher Sew Seng	-	480,000	40,000	20,800	890	10,625	552,315
Goh Ah Heng @ Goh Keng Chin	-	150,000	360,000	-	494	8,854	519,348
Cher Lip Chun	-	360,000	60,000	50,400	1,002	10,625	482,027
Dato’ Ismail bin Hamzah	24,000	-	-	-	-	1,500	25,500
Datuk Wira Dr Goy Hong Boon	24,000	-	-	-	-	1,500	25,500
Tan Tian Wooi	24,000	-	-	-	-	1,500	25,500
Total	72,000	1,350,000	490,000	71,200	3,276	45,229	2,031,705

Note: The above mentioned Directors’ remuneration is the total sum of the remuneration received and/or receivable by the Directors from the Company and its subsidiaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

VIII. Board Commitment

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

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

Name of Directors	Meetings Attended	% of Attendance
Chee Long Sing @ Cher Hwee Seng	5/5	100
Cher Sew Seng	5/5	100
Goh Ah Heng @ Goh Keng Chin (Retired on 25 May 2022)	3/3	100
Cher Lip Chun	5/5	100
Dato' Ismail bin Hamzah	5/5	100
Datuk Wira Dr Goy Hong Boon	5/5	100
Tan Tian Wooi	4/5	80

IX. Training

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

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

No.	Name of Directors	Programme
1.	Chee Long Sing @ Cher Hwee Seng	• New Trends for Enterprises – Incorporating ESG and Seizing the Opportunities
2.	Cher Sew Seng	• Not Applicable
3.	Cher Lip Chun	• 11 Areas that attract IRB's attentions • 7 Mistakes to avoid as a boss / shareholders
4.	Dato' Ismail bin Hamzah	• The Securities Commissions Malaysia's Audit Oversight Board ("AOB") Conversation with Audit Committees – Session 2
5.	Datuk Wira Dr. Goy Hong Boon	• Wild Digital Southeast Asia 2022: Unlocking Asia's Evolving Tech Future
6.	Tan Tian Wooi	• ESG in Financial Reporting

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee of the Company (“AC”) comprises three (3) INEDs. The Chairman of the AC, Dato’ Ismail bin Hamzah is financially literate, possesses the appropriate levels of expertise and experience. One of the members is a member of Malaysia Institute of Accountants, while all members possess many years of corporate management experiences.

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

II. Risk Management and Internal Control Framework

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

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

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

I. Communication with Stakeholders

Information on the Group’s activities is provided in the Annual Report and Financial Statements are available for download through the company’s corporate website and hardcopy can be requested through email via ir@scc.com.my by shareholders. Dialogues are also held by the Group with investment analysts and fund managers to keep them abreast of corporate and financial developments within the Group.

The Company also encourages the shareholders and investors to access online the Company’s Annual Report and all up to date announcements from time to time, which are made available instantly at both Bursa Securities and the Company’s website at www.sccholdings.com.my.

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

II. Conduct of General Meetings

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

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

In line with the revised AMLR of Bursa Securities, all resolutions put to the general meeting for the 22nd AGM was voted by poll. An independent scrutineer was appointed to validate the votes casted at the AGM. The decision for each resolution and the name of the independent scrutineer were announced on Bursa Securities on the same day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Group are responsible for the preparation of the Group and of the Company's financial statements to ensure a true and fair view is presented in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- i. Overseeing the overall conduct of the Company's business and that of the Group;
- ii. Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- iii. Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- iv. Adopting suitable accounting policies and apply them consistently;
- v. Making judgments and estimates that are reasonable and prudent; and
- vi. Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the AMLR, the provisions of the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimize fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2022, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considered that the Corporate Governance Overview Statement provides the information necessary to enable shareholders of the Group to evaluate how the principles and best practices as set out in the MCCG 2021 have been complied with. The Board shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG 2021 and all other applicable laws and regulations.

This Corporate Governance Overview Statement was approved by the Board of Directors of SCC on 5 April 2023.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee ("AC") 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 AC comprises three (3) members, all of whom are Independent Non-Executive Director. Mr. Tan Tian Wooi is a member of the Malaysian Institute of Accountants. Mr. Tan Tian Wooi meets the requirements of Paragraph 15.09(1)(c)(i) of Ace Market Listing Requirements in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

At the end of financial year ended 31 December 2022, the members of the AC are:

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

Meetings

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

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

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

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

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

Details of attendance are listed below:

Name	Attendance
Dato' Ismail bin Hamzah (Chairman)	5/5
Datuk Wira Dr. Goy Hong Boon	5/5
Tan Tian Wooi	4/5

Terms of Reference

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

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

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

Financial Reporting

- a. Reviewed the quarterly unaudited financial results of the Company and Group before recommending to the Board for consideration and approval.
- b. Reviewed the audited financial statements of the Company and Group prior to submission to the Board for consideration and approval.
- c. Reviewed a Report and Statement on Risk Management and Internal Control for the Group Annual Report prior to submission to the Board for consideration and approval.
- d. Ensured that the financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards by confirming with the Management.

External Audit

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

Internal Audit

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

Related Party Transactions

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

Others

- o. Reviewed the AC Report and Statement on Risk Management and Internal Control prior to the submission of the said documents to the Board for consideration and approval so as to be included in the Annual Report for financial year ended 31 December 2022.

INTERNAL AUDIT FUNCTION

The Company engaged Messrs. CGRM Infocomm Sdn Bhd ("CGRM") as outsourced Internal Auditors to carry out the internal audit function of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2022.

The Internal Auditor reports directly to the AC on a half-yearly basis by presenting its Internal Audit Reports ("IAR") during the AC meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary, will be performed and follow-up will be carried out by Internal Auditor for the purpose of reporting at the subsequent AC meeting. The Internal Auditor will also table its internal audit plan to the AC prior to audit works for the next financial year.

On 25 May 2022, CGRM tabled a report for AC's review covering the Stock Management and Goods Delivery Management of SCC Corporation Sdn. Bhd. on March 2022 and followed up on issues highlighted in Internal Audit Report issued in November 2021 on e-Commerce Management (B2C) of SCC Corporation Sdn. Bhd.

On 23 November 2022, CGRM tabled a report for AC's review in respect of Sales Processing Management and Production Planning Management of SCC Food Manufacturing Sdn. Bhd. on September 2022 and followed up on the IAR issued in May 2022 on Stock Management; and Goods Delivery Management of SCC Corporation Sdn. Bhd.

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

The cost incurred for the outsourced independent internal audit services in respect of the financial year ended 31 December 2022 was RM42,400 (FYE 2021 – RM31,800).

ADDITIONAL COMPLIANCE INFORMATION

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

1. AUDIT AND NON-AUDIT FEES

External auditors' remuneration are set at RM63,500 for the financial year ended 31 December 2022.

There were no non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm by the Group for the financial year ended 31 December 2022.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interests for the financial year ended 31 December 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control by the Board on the SCC Holdings Berhad ("SCC" as "the Company") and its group of companies ("Group") is made pursuant to Rule 15.26(b) of the Ace Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") under Practice 10.1 and 11.2.

MCCG 2021 sets out the principles that the board of directors of a listed company should establish a sound risk management framework and internal controls system to safeguard shareholders' investment, stakeholders' interest and assets of the Group.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility to observe the MCCG 2021 in maintaining a sound system of risk management and internal control throughout the operations of the Group in order to safeguard shareholders' investments, stakeholders' interest and the assets of the Group.

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

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

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

RISK MANAGEMENT

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

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

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

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

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

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

Minutes of the meetings are recorded while progress and outcomes are being closely monitored by the RMC. Activities of the RMC are also being highlighted during Board meetings to the Audit Committee ("AC").

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

RISK MANAGEMENT(CONT'D)

Risk identification and assessment

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

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

KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

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

Organisational Structure

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

Board and Management Meetings

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

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

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

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

Performance Management Framework

Management reports are generated on monthly and quarterly basis to allow the Board and the Group's management to monitor the performance of its respective business units. The Group's management information system is designed to provide the management with better reporting and review 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 operational efficiency.

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

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

AUDIT COMMITTEE AND INTERNAL AUDIT

The Company adopts a risk-based approach to the implementation and monitoring of relevant internal controls. The Audit Committee is 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 is outsourced to an independent professional service firm to take charge of the Group's internal audit function during the financial year. The reports are submitted to the Audit Committee, who reviews the findings with Management at the Audit Committee Meeting. In assessing the adequacy and effectiveness of the system of internal controls of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

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

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

WEAKNESSES IN INTERNAL CONTROL

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, this Statement has been reviewed by the External Auditors for inclusion in the Annual Report of the Group for the financial year ended 31 December 2022. 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 5 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors of the Group are responsible for the preparation of the Group and of the Company's financial statements to ensure a true and fair view is presented in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- i. In ensuring the preparation of these financial statements, the Directors have observed the following criteria:
- ii. Overseeing the overall conduct of the Company's business and that of the Group;
- iii. Identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- iv. Reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- v. Adopting suitable accounting policies and apply them consistently;
- vi. Making judgments and estimates that are reasonable and prudent; and
- vii. Ensuring compliance with application Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the AMLR, the provisions of the Companies Act 2016 and applicable Approved Accounting Standards in Malaysia.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimize fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2022, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

FINANCIAL STATEMENTS AND REPORTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to owners of the parent	2,554	4,241

RESERVES AND PROVISIONS

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

DIVIDENDS

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

On 24 February 2023, the Directors declared interim single-tier dividend of RM0.01 per ordinary share in respect of the current financial year. The entitled shareholders of the Company received the dividend on 24 March 2023.

The financial statements for the current financial year do not reflect the dividend declared on 24 February 2023. Such dividend will be accounted in equity as appropriation of retained earnings for the financial year ending 31 December 2023.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Chee Long Sing @ Cher Hwee Seng*
 Cher Sew Seng*
 Cher Lip Chun*
 Dato' Ismail bin Hamzah
 Datuk Wira Dr. Goy Hong Boon
 Cher Chou Chiang (alternate director to Cher Sew Seng)
 Tan Tian Wooi
 Goh Ah Heng @ Goh Keng Chin*

(resigned on 25 May 2022)

* Director of the Company and its subsidiary companies

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Interests in the Company				
Direct interests:				
Chee Long Sing @ Cher Hwee Seng	30,686,784	-	-	30,686,784
Cher Lip Chun	1,024,802	-	-	1,024,802
Cher Sew Seng	19,397,847	-	-	19,397,847
Cher Chou Chiang	740,000	-	-	740,000
Indirect interests				
Chee Long Sing @ Cher Hwee Seng #	805,249	-	-	805,249
Cher Sew Seng *	1,482,500	-	-	1,482,500
Cher Lip Chun ^	66,000	-	-	66,000

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

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

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

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

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) 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.

The details of the directors' remuneration for the financial year ended 31 December 2022 are set out below:

	Group RM'000	Company RM'000
Salaries, wages and other emolument	1,843	1,768
Fees	72	72
Defined contribution plans	71	70
Benefits-in-kind	46	46
	<u>2,032</u>	<u>1,956</u>

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM7,000,000 and RM6,000 respectively.

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

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY COMPANIES

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

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 are RM64,000 and RM22,000.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2023.

CHEE LONG SING @ CHER HWEE SENG

CHER LIP CHUN

KUALA LUMPUR

STATEMENT BY DIRECTORS'

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 47 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2023.

CHEE LONG SING @ CHER HWEE SENG

CHER LIP CHUN

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Wong Pow Yee (MIA Membership No: 20702), being the Officer primarily responsible for the financial management of SCC Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 47 to 105 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by	}	
the abovenamed at Kuala Lumpur in the)	
Federal Territory on 18 April 2023)	WONG POW YEE

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SCC HOLDINGS BERHAD

Registration No: 200001008871 (511477-A)

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SCC Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 105.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
Impairment of trade receivables The Group has material credit exposures in its trade receivables amounting to RM12.447 million as at 31 December 2022. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.	<p>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We have reviewed the adequacy of the impairment loss, assessed and enquired management on the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.</p> <p>We have reviewed the appropriateness of the disclosures made in the financial statements.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCC HOLDINGS BERHAD (CONT'D)

Registration No: 200001008871 (511477-A)
(Incorporated in Malaysia)

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCC HOLDINGS BERHAD (CONT'D)

Registration No: 200001008871 (511477-A)
(Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

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

KUALA LUMPUR

18 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	5,467	5,389	-	-
Investment properties	5	584	603	-	-
Right-of-use assets	6	718	774	-	-
Investments in subsidiary companies	7	-	-	16,343	16,343
Goodwill on consolidation	8	8	8	-	-
Investment securities	9	69	59	-	-
		6,846	6,833	16,343	16,343
Current Assets					
Inventories	10	18,289	8,998	-	-
Trade receivables	11	12,447	12,233	-	-
Other receivables	12	2,551	1,463	2	5
Amount due from subsidiary companies	13	-	-	11,965	9,582
Tax recoverable		1,023	835	273	166
Other investments	14	6,089	16,256	3,633	2,781
Cash and bank balances		7,634	6,690	135	643
		48,033	46,475	16,008	13,177
Total Assets		54,879	53,308	32,351	29,520
EQUITY					
Share capital	15	24,079	24,079	24,079	24,079
Reserves	16	23,315	22,197	8,213	5,384
Total Equity		47,394	46,276	32,292	29,463
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	17	476	588	-	-
Deferred tax liabilities	18	97	98	-	-
		573	686	-	-
Current Liabilities					
Trade payables	19	3,977	4,463	-	-
Other payables	20	2,531	1,667	59	57
Lease liabilities	17	279	214	-	-
Tax payables		125	2	-	-
		6,912	6,346	59	57
Total Liabilities		7,485	7,032	59	57
Total Equity and Liabilities		54,879	53,308	32,351	29,520

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	21	63,917	47,983	8,248	5,988
Cost of sales		(45,333)	(34,256)	-	-
Gross profit		18,584	13,727	8,248	5,988
Other income		776	893	68	53
Selling and distribution expenses		(3,702)	(3,406)	(41)	(20)
Administrative expenses		(11,060)	(9,067)	(4,031)	(3,225)
Net impairment (loss)/gain on trade receivables	23	(166)	239	-	-
Finance costs	22	(69)	(60)	-	-
Profit before taxation	23	4,363	2,326	4,244	2,796
Taxation	24	(1,809)	(596)	(3)	(1)
Profit for the financial year		2,554	1,730	4,241	2,795

**STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
- Exchange translation differences for foreign operations		(32)	(8)	-	-
<i>Items that are not reclassified subsequently to profit or loss</i>					
- Fair value gain/(loss) of fair value through other comprehensive income		8	(15)	-	-
Other comprehensive loss for the financial year		(24)	(23)	-	-
Total comprehensive income for the financial year		2,530	1,707	4,241	2,795
Net profit for the financial year attributable to:					
Owners of the Company		2,554	1,730	4,241	2,795
Total comprehensive income attributable to:					
Owners of the Company		2,530	1,707	4,241	2,795
Earnings per share (sen):					
- Basic	25	1.81	1.23		
- Diluted	25	1.81	1.23		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Attributable to Owners of the Parent				Total RM'000
		Share Capital RM'000	Non-Distributable Foreign Currency Translation Reserve RM'000	Fair value Reserve RM'000	Distributable Retained Earnings RM'000	
At 1 January 2022		24,079	4	51	22,142	46,276
Net profit for the financial year		-	-	-	2,554	2,554
Other comprehensive (loss)/income for the financial year		-	(32)	8	-	(24)
Total comprehensive income for the financial year		-	(32)	8	2,554	2,530
Transaction with owners:						
Dividends paid	26	-	-	-	(1,412)	(1,412)
At 31 December 2022		24,079	(28)	59	23,284	47,394
At January 2021		24,079	12	66	20,412	44,569
Net profit for the financial year		-	-	-	1,730	1,730
Other comprehensive loss for the financial year		-	(8)	(15)	-	(23)
Total comprehensive income for the financial year		-	(8)	(15)	1,730	1,707
At 31 December 2021		24,079	4	51	22,142	46,276

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	Note	Share Capital RM'000	Distributable Retained Earnings RM'000	Total RM'000
At 1 January 2022		24,079	5,384	29,463
Net profit for the financial year, representing total comprehensive income for the financial year		-	4,241	4,241
Transaction with owners:				
Dividend paid	26	-	(1,412)	(1,412)
At 31 December 2022		24,079	8,213	32,292
At 1 January 2021		24,079	2,589	26,668
Net profit for the financial year, representing total comprehensive income for the financial year		-	2,795	2,795
At 31 December 2021		24,079	5,384	29,463

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash Flows From Operating Activities				
Profit before taxation	4,363	2,326	4,244	2,796
Adjustments for:				
Amortisation of right-of-use assets	343	329	-	-
Depreciation of property, plant and equipment	547	586	-	-
Depreciation of investment properties	19	17	-	-
Bad debts written off	16	120	-	-
Dividend income	(1)	-	(4,660)	(2,400)
Fair value gain of financial assets	(233)	(317)	(52)	(46)
Impairment loss on trade receivables	184	15	-	-
Reversal of impairment loss on trade receivables	(18)	(254)	-	-
Interest expense	69	60	-	-
Property, plant and equipment written off	1	27	-	-
Interest income	(87)	(41)	(7)	(3)
Rent concession related to Covid 19	-	(4)	-	-
Gain on termination of lease contracts	(22)	(25)	-	-
Gain on disposal of property, plant and equipment	(57)	-	-	-
Inventories written off	5	40	-	-
Reversal of inventories written down	(205)	-	-	-
Unrealised gain on foreign exchange	(39)	(102)	(5)	(1)
Operating profit/(loss) before working capital changes	4,885	2,777	(480)	346
Changes in working capital:				
Inventories	(9,091)	2,280	-	-
Trade receivables	(396)	(2,358)	-	-
Other receivables	(1,071)	(626)	3	(3)
Trade payables	(486)	(118)	-	-
Other payables	864	254	2	(50)
Amount due from subsidiary companies	-	-	(2,378)	(1,062)
	(10,180)	(568)	(2,373)	(1,115)
Cash (used in)/generated from operations	(5,295)	2,209	(2,853)	(769)

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Tax refund	-	57	-	-
Tax paid	(1,892)	(1,222)	(110)	(120)
	(1,892)	(1,165)	(110)	(120)
Net cash (used in)/from operating activities	(7,187)	1,044	(2,963)	(889)
Cash Flows From Investing Activities				
Dividend received	1	-	4,660	2,400
Interest received	87	41	7	3
Purchase of property, plant and equipment	(697)	(1,779)	-	-
Net changes in other investments	10,400	1,653	(800)	(1,100)
Proceeds from disposal of property, plant and equipment	128	-	-	-
Net cash from/(used in) investing activities	9,919	(85)	3,867	1,303
Cash Flows From Financing Activities				
Dividend paid	(1,412)	-	(1,412)	-
Interest paid	(69)	(60)	-	-
Repayment of lease liabilities	(312)	(315)	-	-
Net cash used in financing activities	(1,793)	(375)	(1,412)	-
Net changes in cash and cash equivalents	939	584	(508)	414
Cash and cash equivalents at beginning of the financial year	6,690	6,011	643	229
Effect of exchange translation differences on cash and cash equivalent	5	95	-	-
Cash and cash equivalents at end of the financial year	7,634	6,690	135	643
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	7,634	6,690	135	643

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note to statement of cash flows - Cash Flows for leases as a lessee

	Note	2022 RM'000	Group 2021 RM'000
Included in operating activities:			
Interest paid in relation to lease liabilities	22	69	60
Payment relating to short-term leases	23	541	657
Included in financing activities			
Payment of lease liabilities		312	315
Total cash outflows for leases		922	1,032

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at 19-21, Jalan Hujan, Taman Overseas Union, 5th Miles, Jalan Kelang Lama, 58200 Kuala Lumpur.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Adoption of amended standards

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

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2021	Amendments to MFRS 1
	Amendments to MFRS 9
	Amendments to MFRS 16
	Amendments to MFRS 141

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 17	Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 16	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenant	1 January 2024
Amendments to MFRS 101	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 10 and MFRS 128		

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

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

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

2. BASIS OF PREPARATION (CONT'D)

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

Judgement

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

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

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

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

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

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

Key sources of estimation uncertainty

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

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

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, investment properties and ROU assets are disclosed in Notes 4, 5 and 6 respectively to the financial statements.

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10 to the financial statements.

Provision for expected credit loss of financial assets at amortised cost

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

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 31(b)(i) to the financial statements.

Determination of transaction prices

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

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

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

Income taxes

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

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group and the Company have tax recoverable of RM1,023,000 (2021: RM835,000) and RM273,000 (2021: RM166,000) respectively and tax payable of RM125,000 (2021: RM2,000) and RMNil (2021: RMNil) respectively.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

Discount rate used in leases

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

Fair value of financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

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

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

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

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

(ii) Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

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

Freehold buildings	2% - 3%
Office equipment, furniture and fittings	5% - 10%
Machinery	10%
Motor vehicles	20%
Renovation	10%

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases

(i) As lessee

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

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

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

Buildings	Over the lease term
Shoplots	Over the lease term

The ROU assets are subject to impairment.

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

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

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

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

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

(ii) As lessor

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

(ii) As lessor (cont'd)

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

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

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

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

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

Freehold buildings	2% - 3%
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

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

(f) Financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (cont'd)

(i) Financial assets at amortised cost

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

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

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

(ii) Fair value through other comprehensive income

Equity instruments

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities

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

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

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

(h) Financial guarantee

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

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

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation

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

(i) Offsetting of financial instruments

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

(j) Inventories

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

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

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

(k) Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Impairment of assets

(i) Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

(ii) Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Share capital

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

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

(n) Provisions

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

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

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

(o) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(p) Revenue recognition

Revenue from contracts with customers

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition (cont'd)

Revenue from contracts with customers (cont'd)

The Group recognises revenue from the following major sources:

(i) Sale of goods

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

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

(ii) Management fee

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

Revenue from other sources

(i) Rental income

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

(ii) Dividend income

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

(iii) Interest income

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

(q) Income tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax (cont'd)

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

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

(r) Segments reporting

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

(s) Contingencies

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

(t) Fair value measurement

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Office equipment, furniture and fittings RM'000	Machinery RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
2022						
Cost						
At 1 January	4,136	2,336	1,671	1,655	1,631	11,429
Additions	-	83	13	150	451	697
Disposals	-	-	-	(366)	-	(366)
Written off	-	(72)	-	-	-	(72)
At 31 December	4,136	2,347	1,684	1,439	2,082	11,688
Accumulated depreciation						
At 1 January	828	1,671	1,085	1,522	934	6,040
Charge for the financial year	83	120	120	52	172	547
Disposals	-	-	-	(295)	-	(295)
Written off	-	(71)	-	-	-	(71)
At 31 December	911	1,720	1,205	1,279	1,106	6,221
Carrying amount						
At 31 December	3,225	627	479	160	976	5,467

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

Group	Freehold land and buildings RM'000	Office equipment, furniture and fittings RM'000	Machinery RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
2021						
Cost						
At 1 January	2,636	2,226	1,537	1,655	1,631	9,685
Additions	1,500	116	163	-	-	1,779
Disposals	-	(3)	-	-	-	(3)
Written off	-	(3)	(29)	-	-	(32)
At 31 December	4,136	2,336	1,671	1,655	1,631	11,429
Accumulated depreciation						
At 1 January	759	1,553	965	1,410	775	5,462
Charge for the financial year	69	124	122	112	159	586
Disposals	-	(3)	-	-	-	(3)
Written off	-	(3)	(2)	-	-	(5)
At 31 December	828	1,671	1,085	1,522	934	6,040
Carrying amount						
At 31 December	3,308	665	586	133	697	5,389

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

(a) Assets pledged as securities to licensed bank

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

	2022 RM'000	Group 2021 RM'000
Freehold land and buildings	1,525	1,571

There are no utilisation of credit facilities as at 31 December 2022.

5. INVESTMENT PROPERTIES

	2022 RM'000	Group 2021 RM'000
Freehold buildings		
At cost		
At 1 January/31 December	882	882
Accumulated depreciation		
At 1 January	279	262
Charge for the financial year	19	17
At 31 December	298	279
Carrying amount		
At 31 December	584	603
Fair value of investment properties		
At 31 December	2,800	2,800

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

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

	2022 RM'000	Group 2021 RM'000
Freehold buildings	300	308

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

(b) Income and expenses recognised in profit or loss

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

	2022 RM'000	Group 2021 RM'000
Rental income	180	118

(c) Fair value basis of investment properties

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

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

6. RIGHT-OF USE ASSETS

	Buildings RM'000	Shoplots RM'000	Total RM'000
Group			
2022			
Cost			
At 1 January	-	1,050	1,050
Additions	251	270	521
Termination of lease contracts	-	(528)	(528)
At 31 December	251	792	1,043
Accumulated amortisation			
At 1 January	-	276	276
Charge for the financial year	110	233	343
Termination of lease contracts	-	(294)	(294)
At 31 December	110	215	325
Carrying amount			
At 31 December	141	577	718

6. RIGHT-OF USE ASSETS (CONT'D)

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

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares at cost:		
- In Malaysia	16,300	16,300
- Outside Malaysia	43	43
	16,343	16,343

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2022 %	2021 %	
Anitox (M) Sdn. Bhd. ("ASB")	Malaysia	100	100	Selling, marketing and distribution of animal health products.
SCC Food Manufacturing Sdn. Bhd. ("SCCFM")	Malaysia	100	100	Processing and purchasing products.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2022 %	2021 %	
SCC Corporation Sdn. Bhd. ("SCCC")	Malaysia	100	100	Selling, marketing and distribution of livestock health products and clean feed solutions to feed mills and livestock industries; and selling, marketing and distribution of food service equipment, including provisions of installments, services and supply of ingredients and specialists products for food and beverage industries.
S-Cnergy Co., Ltd ("S-Cnergy")*	Cambodia	100	100	Import and export of kitchen supplies.
Held through SCCC				
Positive Insight Sdn. Bhd. ("PI")	Malaysia	100	100	Selling, marketing and distribution of animal health products.
Knowledge Mission Sdn. Bhd. ("KM")	Malaysia	100	100	Dormant.

* Subsidiary company not audited by UHY

8. GOODWILL ON CONSOLIDATION

	Group	
	2022 RM'000	2021 RM'000
At 1 January/31 December	8	8

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

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

9. INVESTMENT SECURITIES

	2022 RM'000	Group 2021 RM'000
Fair value through other comprehensive income		
Quoted securities in Malaysia		
- Equity instruments, at fair value	69	59

10. INVENTORIES

	2022 RM'000	Group 2021 RM'000
Finished goods:		
Food service equipment	14,618	5,455
Animal health products	2,984	3,121
Food service supplies	224	9
E-commerce stocks	13	18
Raw materials:		
Food service supplies	450	395
	18,289	8,998
Recognised in profit or loss:		
Inventories written off	5	40
Reversal of inventories written down	(205)	-
Inventories recognised as cost of sales	44,025	33,010

11. TRADE RECEIVABLES

	2022 RM'000	Group 2021 RM'000
Trade receivables	12,675	12,311
Less: Accumulated impairment losses	(228)	(78)
	12,447	12,233

The Group's normal credit terms range from 30 to 120 days (2021: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables	57	18	-	-
Deposits	238	1,394	2	2
Prepayments	2,239	51	-	3
VAT input tax	17	-	-	-
	2,551	1,463	2	5

13. AMOUNT DUE FROM SUBSIDIARY COMPANIES

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

14. OTHER INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000

Financial assets at fair value through profit or loss:

- Quoted money market fund	6,089	16,256	3,633	2,781
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The interest rates of other investments of the Group and of the Company range from 0.004% to 0.190% (2021: 0.010% to 0.150%) per annum and 0.01% to 0.32% (2021: 0.01% to 0.15%) per annum respectively.

15. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2022	2021	2022	2021
	Units'000	Units'000	RM'000	RM'000

Issued and fully paid shares

Ordinary Shares

At 1 January/31 December	141,161	141,161	24,079	24,079
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. RESERVES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Fair value reserve	59	51	-	-
Foreign currency translation reserve	(28)	4	-	-
Distributable				
Retained earnings	23,284	22,142	8,213	5,384
	<u>23,315</u>	<u>22,197</u>	<u>8,213</u>	<u>5,384</u>

Fair value reserve

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

Foreign currency translation reserve

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

17. LEASE LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	802	639
Additions	521	753
Rent concession related to Covid-19	-	(4)
Accretion of interest (Note 22)	69	60
Repayments	(381)	(375)
Termination of lease contracts	(256)	(271)
At 31 December	<u>755</u>	<u>802</u>
Presented as:		
Non-current	476	588
Current	<u>279</u>	<u>214</u>
	<u>755</u>	<u>802</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. LEASE LIABILITIES (CONT'D)

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

	2022 RM'000	Group 2021 RM'000
Within one year	313	263
Later than one year and not later than two years	244	265
Later than two years and not later than five years	270	382
	827	910
Less: Future finance charges	(72)	(108)
Present value of lease liabilities	755	802

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

Obligations under lease liabilities

These obligations are secured by a charge over the leased assets as disclosed in Note 6 to the financial statements. The interest rate of the Group for the leases range from 6.64% to 7.89% (2021: 7.89%) per annum.

18. DEFERRED TAX LIABILITIES

	2022 RM'000	Group 2021 RM'000
At 1 January	98	97
Recognised in profit or loss	(1)	1
At 31 December	97	98

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

	2022 RM'000	Group 2021 RM'000
Deferred tax assets	(89)	(96)
Deferred tax liabilities	186	194
	97	98

18. DEFERRED TAX LIABILITIES (CONT'D)

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

Deferred tax asset of the Group

	Unabsorbed capital allowances RM'000
Group	
2022	
At 1 January	(96)
Recognised in profit or loss	7
At 31 December	<u>(89)</u>
2021	
At 1 January/31 December	(84)
Recognised in profit or loss	(12)
At 31 December	<u>(96)</u>

Deferred tax liability of the Group

	Accelerated Capital Allowance RM'000
Group	
2022	
At 1 January	194
Recognised in profit or loss	(8)
At 31 December	<u>186</u>
2021	
At 1 January	181
Recognised in profit or loss	13
At 31 December	<u>194</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	5,203	4,270	1,886	1,533
Unabsorbed capital allowances	578	430	-	-
	5,781	4,700	1,886	1,533

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

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Unutilised tax losses to be carried forward until:				
- Year of assessment 2028	1,177	1,176	865	865
- Year of assessment 2029	1,248	1,248	669	668
- Year of assessment 2030	979	979	-	-
- Year of assessment 2031	867	867	-	-
- Year of assessment 2032	932	-	352	-
	5,203	4,270	1,886	1,533

19. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 30 to 90 days (2021: 30 to 90 days) from the date of invoices.

20. OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other payables	818	451	11	2
Deposits	1,007	763	-	-
Accruals	704	448	48	55
GST payable	2	2	-	-
VAT output tax	-	3	-	-
	2,531	1,667	59	57

21. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Trading sales:				
- food service equipment	31,736	17,831	-	-
- animal health products	32,152	30,104	-	-
- food service supplies	29	48	-	-
Management fees	-	-	3,588	3,588
	63,917	47,983	3,588	3,588
Revenue from other sources				
Dividend income	-	-	4,660	2,400
	63,917	47,983	8,248	5,988

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

22. FINANCE COSTS

	Group	
	2022	2021
	RM'000	RM'000
Interest expense on:		
- Lease liabilities	69	60

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. PROFIT BEFORE TAXATION

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audit				
- Current year	59	61	17	17
- Overprovision in prior year	(2)	-	-	-
- Non-statutory audit	5	5	5	5
Amortisation of right-of-use assets	343	329	-	-
Depreciation of property, plant and equipment	547	586	-	-
Depreciation of investment properties	19	17	-	-
Bad debts written off	16	120	-	-
Directors' remunerations:				
- Non-Executive Directors fees	72	72	72	72
Dividend income	(1)	-	-	-
Fair value gain on financial assets	(233)	(317)	(52)	(46)
Gain on disposal of property, plant and equipment	(57)	-	-	-
Inventories written off	5	40	-	-
Reversal of inventories written down	(205)	-	-	-
Loss/(gain) on foreign exchange:				
- realised	70	-	-	-
- unrealised	(39)	(102)	(5)	(1)
Impairment loss on trade receivable	184	15	-	-
Reversal of impairment loss on trade receivables	(18)	(254)	-	-
Net loss/(gain) on impairment of trade receivables	166	(239)	-	-
Interest income	(87)	(41)	(7)	(3)
Property, plant and equipment written off	1	27	-	-
Lease expenses relating to short-term leases	541	657	-	-
Rent concession related to Covid-19	-	(4)	-	-
Gain on termination of lease contracts	(22)	(25)	-	-
Rental income	(180)	(118)	-	-

24. TAXATION

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss				
Malaysian statutory tax:				
- Current tax provision	1,658	871	2	1
- Under/(Over)provision in prior years	152	(276)	1	-
	1,810	595	3	1
Deferred tax:				
- Origination and reversal of temporary differences	1	-	-	-
- (Over)/Underprovision in prior years	(2)	1	-	-
	(1)	1	-	-
	1,809	596	3	1

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

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	4,363	2,326	4,244	2,796
At Malaysian statutory tax rate of 24%	1,047	558	1,019	671
Effect of different tax rate in other jurisdictions	7	40	-	-
Expenses not deductible for tax purposes	407	349	26	32
Income not subject to tax	(61)	(208)	(1,128)	(587)
Utilisation of previously unrecognised tax and unabsorbed capital allowance	-	(115)	-	(115)
Deferred tax assets not recognised	259	247	85	-
Under/(Over)provision of taxation in prior years	152	(276)	1	-
(Over)/Underprovision of deferred taxation of prior years	(2)	1	-	-
	1,809	596	3	1

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. EARNINGS PER SHARE

Basic earnings per ordinary share

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

	Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the parent	2,554	1,730
Weighted average number of ordinary shares in issue ('000)	141,161	141,161
Basic earnings per ordinary share (sen):	1.81	1.23

Diluted earnings per ordinary share

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

26. DIVIDENDS

	2022 RM'000	2021 RM'000
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Dividends recognised as distribution to ordinary shareholders of the Company:

Interim dividends paid in respect of the financial year ended:

- 31 December 2021 (single-tier dividend of RM0.01 per ordinary share)	1,412	-
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On 24 February 2023, the Directors declared interim single-tier dividend of RM0.01 per ordinary share in respect of the current financial year. The entitled shareholders of the Company received the dividend on 24 March 2023.

The financial statements for the current financial year do not reflect the dividend declared on 24 February 2023. Such dividend will be accounted in equity as appropriation of retained earnings for the financial year ending 31 December 2023.

27. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, wages and other emolument	7,786	6,727	3,273	2,544
Defined contribution plans	897	859	252	256
Other related expenses	498	564	49	25
Benefits-in-kind	41	74	41	74
	9,222	8,224	3,615	2,899

27. EMPLOYEE BENEFIT EXPENSES (CONT'D)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
Salaries, wages and other emolument	1,843	1,505	1,768	1,226
Defined contribution plans	71	103	70	96
Benefits-in-kind	41	74	41	74
	<u>1,955</u>	<u>1,682</u>	<u>1,879</u>	<u>1,396</u>

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	As at 1 January RM'000	New lease (Note 17) RM'000	Financing cash flows (i) RM'000	Other changes (ii) RM'000	At 31 December RM'000
Group					
2022					
Lease liabilities	802	521	(312)	(256)	755
Dividend payable	<u>1,412</u>	<u>-</u>	<u>(1,412)</u>	<u>-</u>	<u>-</u>
	<u>2,214</u>	<u>521</u>	<u>(1,724)</u>	<u>(256)</u>	<u>755</u>
2021					
Lease liabilities	<u>639</u>	<u>753</u>	<u>(315)</u>	<u>(275)</u>	<u>802</u>
Company					
2022					
Dividend payable	<u>1,412</u>	<u>-</u>	<u>(1,412)</u>	<u>-</u>	<u>-</u>

(i) The financing cash flows include the net amount of proceeds from or repayments of lease liabilities and payment of dividends in the statements of cash flows.

(ii) Other changes include rent concession related to Covid-19 and gain on termination of lease contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	2022 RM'000	2021 RM'000
Group		
Rental paid		
- McDota (M) Sdn. Bhd.*	-	(24)
- Kumsan Enterprise (M) Sdn. Bhd.	(144)	(74)
- Mr Cher Hwee Seng	(108)	(95)
- Sim Ah Choon#	(60)	(53)
Company		
Management fee income		
- SCC Corporation Sdn. Bhd.	2,208	2,208
- Anitox (M) Sdn. Bhd.	588	588
- SCC Food Manufacturing Sdn. Bhd.	402	402
- Positive Insight Sdn. Bhd.	390	390
Dividend income		
- SCC Corporation Sdn. Bhd.	1,460	-
- Anitox (M) Sdn. Bhd.	3,200	2,400

* A company in which certain Directors have substantial financial interests

Spouse of Mr Cher Sew Seng

29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,843	1,505	1,768	1,226
Defined contribution plans	71	103	70	96
	1,914	1,608	1,838	1,322
Benefits-in-kind	41	74	41	74
	1,955	1,682	1,879	1,396
Non-Executive:				
Fees	72	72	72	72
Benefits-in-kind	5	5	5	5
	2,032	1,759	1,956	1,473
Other key management personnel				
Salaries and other emoluments	2,088	1,871	421	334
Defined contribution plans	250	224	50	40
	2,338	2,095	471	374
Total	4,370	3,854	2,427	1,847

30. OPERATING SEGMENTS

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

- (a) Food service equipment segment includes the selling activities of all industrial-grade equipment used to aid the final preparation and delivery of meals to customers. Food service equipment are highly specialised for application in large kitchens and are suited for the use of restaurants, cafes, fast food joints and other food service providers.
- (b) The animal health product segment includes the selling of antimicrobial preservatives and feed additives. Antimicrobial preservative reduces mould and bacterial levels in feeds and feed ingredients. Feed additives are substances which are to be added in small or micro quantities to macronutrient of animal feed to provide specific health or nutrition effects in a concentrated manner.
- (c) Other reportable segments are all other activities other than the above reportable segments.

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

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

30. OPERATING SEGMENTS (CONT'D)

	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Elimination/ adjustments RM'000	Consolidated RM'000
2022						
Revenue						
External customers	24,987	32,152	6,778	63,917	-	63,917
Inter-segment:						
- Trading sales	78	-	2,654	2,732	(2,732)	(A) -
- Management fee	-	-	3,588	3,588	(3,588)	(A) -
- Dividend income	-	-	4,660	4,660	(4,660)	(A) -
Total revenue	25,065	32,152	17,680	74,897	(10,980)	63,917
Results						
Dividend income	-	1	-	1	-	1
Fair value gain on financial assets	-	77	156	233	-	233
Gain on termination of lease contracts	-	-	22	22	-	22
Gain on disposal of property, plant and equipment	-	51	6	57	-	57
Interest income	-	29	58	87	-	87
Rental income	-	220	219	439	(259)	(B) 180
Reversal of impairment loss on trade receivables	11	6	1	18	-	18
Reversal of inventories written down	205	-	-	205	-	205
Unrealised gain on foreign exchange	-	-	39	39	-	39
Miscellaneous income	47	1	109	157	-	157
Bad debts written off	(16)	-	-	(16)	-	(16)
Inventories written off	-	(5)	-	(5)	-	(5)
Amortisation of right-of-use assets	-	-	(343)	(343)	-	(343)
Depreciation of property, plant equipment	(1)	(35)	(511)	(547)	-	(547)
Depreciation of investment properties	-	(10)	(9)	(19)	-	(19)
Property, plant and equipment written off	-	-	(1)	(1)	-	(1)

30. OPERATING SEGMENTS (CONT'D)

	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Elimination/ adjustments RM'000	Consolidated RM'000
2022						
Results (cont'd)						
Impairment loss on trade receivables	(151)	(12)	(21)	(184)	-	(184)
Interest expense	(2)	-	(67)	(69)	-	(69)
Unallocated corporate expenses	(23,633)	(29,639)	(12,625)	(65,897)	6,528 (B)	(59,369)
	(23,540)	(29,316)	(12,967)	(65,823)	6,269	(59,554)
Segment (loss)/profit	1,525	2,836	4,713	9,074	(4,711)	4,363
Assets						
Additions to non-current assets	-	161	536	697	-	697
Tax recoverable	-	23	1,000	1,023	-	1,023
Segment assets	14,464	14,968	52,711	82,143	(28,984) (C)	53,159
	14,464	15,152	54,247	83,863	(28,984)	54,879
Liabilities						
Deferred tax liabilities	-	21	76	97	-	97
Tax payables	-	125	-	125	-	125
Segment liabilities	-	5,090	14,404	19,494	(12,231) (C)	7,263
	-	5,236	14,480	19,716	(12,231)	7,485
Capital expenditure						
Property, plant and equipment	-	161	536	697	-	697

30. OPERATING SEGMENTS (CONT'D)

	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Elimination/ adjustments RM'000	Consolidated RM'000
2021						
Revenue						
External customers	17,831	30,104	48	47,983	-	47,983
Inter-segment:						
- Trading sales	209	-	1,599	1,808	(1,808)	(A) -
- Management fee	-	-	3,588	3,588	(3,588)	(A) -
- Dividend income	-	-	2,400	2,400	(2,400)	(A) -
Total revenue	18,040	30,104	7,635	55,779	(7,796)	47,983
Results						
Fair value gain on financial assets	-	89	228	317	-	317
Rent concession related to Covid-19	-	-	4	4	-	4
Gain on termination of lease contracts	-	-	25	25	-	25
Interest income	-	17	24	41	-	41
Rental income	15	148	258	421	(303)	(B) 118
Reversal of impairment loss on trade receivables	210	4	40	254	-	254
Unrealised gain on foreign exchange	-	-	102	102	-	102
Miscellaneous income	38	4	273	315	-	315
Bad debts written off	-	(109)	(11)	(120)	-	(120)
Inventories written off	(40)	-	-	(40)	-	(40)
Amortisation of right-of-use assets	-	-	(329)	(329)	-	(329)
Depreciation of property, plant equipment	(2)	(33)	(551)	(586)	-	(586)
Depreciation of investment properties	-	(9)	(8)	(17)	-	(17)
Property, plant and equipment written off	-	-	(27)	(27)	-	(27)

30. OPERATING SEGMENTS (CONT'D)

	Food Service Equipment RM'000	Animal Health Products RM'000	Others RM'000	Total RM'000	Elimination/ adjustments RM'000	Consolidated RM'000
2021						
Results (cont'd)						
Impairment loss on trade receivables	(14)	-	(1)	(15)	-	(15)
Interest expenses	-	-	(60)	(60)	-	(60)
Unallocated corporate expenses	(13,656)	(34,266)	(3,416)	(51,338)	5,699 (B)	(45,639)
	(13,449)	(34,155)	(3,449)	(51,053)	5,396	(45,657)
Segment profit/(loss)	4,591	(4,051)	4,186	4,726	(2,400)	2,326
Assets						
Additions to non-current assets	-	254	1,557	1,811	(32)	1,779
Tax recoverable	-	107	728	835	-	835
Segment assets	4,496	17,100	55,795	77,391	(26,697) (C)	50,694
	4,496	17,461	58,080	80,037	(26,729)	53,308
Liabilities						
Deferred tax liabilities	-	8	90	98	-	98
Tax payables	-	-	2	2	-	2
Segment liabilities	-	5,378	11,580	16,958	(10,026) (C)	6,932
	-	5,386	11,672	17,058	(10,026)	7,032
Capital expenditure						
Property, plant and equipment	-	254	1,557	1,811	(32)	1,779

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. OPERATING SEGMENTS (CONT'D)

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

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

Geographical information

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

Major 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.

Revenue from one major customer amount to RM7,987,000 (2021: 2,600,000) arising from sales in the food service equipment segment.

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

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

	At AC RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
Group				
2022				
Financial Assets				
Investment securities	-	-	69	69
Trade receivables	12,447	-	-	12,447
Other receivables	295	-	-	295
Other investments	-	6,089	-	6,089
Cash and bank balances	7,634	-	-	7,634
Total financial assets	20,376	6,089	69	26,534

31. FINANCIAL INSTRUMENTS (CONT'D)

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

	At AC RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
Group				
2022				
Financial Liabilities				
Trade payables	3,977	-	-	3,977
Other payables	2,529	-	-	2,529
Lease liabilities	755	-	-	755
Total financial liabilities	7,261	-	-	7,261
Company				
Financial Assets				
Other receivables	2	-	-	2
Amount due from subsidiary companies	11,965	-	-	11,965
Other investments	-	3,633	-	3,633
Cash and bank balances	135	-	-	135
Total financial assets	12,102	3,633	-	15,735
Financial Liability				
Other payables	59	-	-	59
Group				
2021				
Financial Assets				
Investment securities	-	-	59	59
Trade receivables	12,233	-	-	12,233
Other receivables	1,412	-	-	1,412
Other investments	-	16,256	-	16,256
Cash and bank balances	6,690	-	-	6,690
Total financial assets	20,335	16,256	59	36,650
Financial Liabilities				
Trade payables	4,463	-	-	4,463
Other payables	1,662	-	-	1,662
Lease liabilities	802	-	-	802
Total financial liabilities	6,927	-	-	6,927

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

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

	At AC RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
Company				
2021				
Financial Assets				
Other receivables	2	-	-	2
Amount due from subsidiary companies	9,582	-	-	9,582
Other investments	-	2,781	-	2,781
Cash and bank balances	643	-	-	643
Total financial assets	10,227	2,781	-	13,008
Financial Liability				
Other payables	57	-	-	57

(b) Financial risk management

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

- Credit risk
- Liquidity risk
- Market risks

(i) Credit risk

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

Trade receivables

Risk management objectives, policies and processes for managing the risk

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

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

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

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

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

As at the end of the financial year, the Group has 9 (2021: 9) major customers and accounted for approximately 59% (2021: 60%) of the trade receivables outstanding.

Recognition and measurement of impairment loss

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

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

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

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

	Gross trade receivables RM'000	Allowance for impairment RM'000	Net balance RM'000
Group			
2022			
Current	7,835	-	7,835
<i>Past due or not impaired</i>			
- Less than 30 days	2,423	-	2,423
- 31 to 60 days	921	-	921
- 61 to 90 days	553	-	553
- more than 90 days	725	(10)	715
	12,457	(10)	12,447
Credit impaired			
More than 90 days			
- Individually impaired	218	(218)	-
	12,675	(228)	12,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

	Gross trade receivables RM'000	Allowance for impairment RM'000	Net balance RM'000
Group			
2021			
Current	4,511	(1)	4,510
<i>Past due or not impaired</i>			
- Less than 30 days	3,889	(3)	3,886
- 31 to 60 days	1,273	(4)	1,269
- 61 to 90 days	1,625	(1)	1,624
- more than 90 days	945	(1)	944
	12,243	(10)	12,233
Credit impaired			
More than 90 days			
- Individually impaired	68	(68)	-
	12,311	(78)	12,233

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

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
2022			
At 1 January	10	68	78
Impairment loss recognised	-	184	184
Impairment loss reversed	-	(18)	(18)
Written off	-	(16)	(16)
At 31 December	10	218	228
2021			
At 1 January	30	298	328
Impairment loss recognised	-	15	15
Impairment loss reversed	(20)	(234)	(254)
Written off	-	(11)	(11)
At 31 December	10	68	78

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Cash and cash equivalent

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks. The Group and the Company have a credit policy in place to control credit risk by deposit with banks.

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

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

Other receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss

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

(ii) Liquidity risk

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

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

As at the end of the reporting period, the Group has access to secured unused bank overdraft and trade facility of RM1,230,000 and RM6,600,000. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
2022					
Non-derivative financial liabilities					
Trade payables	3,977	-	-	3,977	3,977
Other payables	2,529	-	-	2,529	2,529
Lease liabilities	313	244	270	827	755
	6,819	1,108	270	7,333	7,261
2021					
Non-derivative financial liabilities					
Trade payables	4,463	-	-	4,463	4,463
Other payables	1,662	-	-	1,662	1,662
Lease liabilities	263	264	383	910	802
	6,388	264	383	7,035	6,927

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company					
2022					
Non-derivative financial liabilities					
Other payables	59	-	-	59	59
2021					
Non-derivative financial liabilities					
Other payables	57	-	-	57	57

(iii) Market risks

(a) Foreign currency exchange risk

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

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

	USD RM'000	GBP RM'000	EUR RM'000	BND RM'000	Total RM'000
Group					
2022					
Financial Assets					
Trade receivables	93	-	-	-	93
Other receivables	2,174	-	16	-	2,190
Cash and bank balances	648	-	-	-	648
	2,915	-	16	-	2,931
Financial Liability					
Trade payables	(13)	(1)	(23)	(1)	(38)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Market risks (cont'd)

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

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

	USD RM'000	GBP RM'000	EUR RM'000	BND RM'000	Total RM'000
Group					
2021					
Financial Assets					
Trade receivables	60	-	-	-	60
Other receivables	1,106	-	5	-	1,111
Cash and bank balances	828	-	-	-	828
	<u>1,994</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1,999</u>
Financial Liability					
Trade payables	(80)	(1)	-	-	(81)

Foreign currency sensitivity analysis

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

Group	Change in currency rate	Effect on profit before taxation	
		2022 RM'000	2021 RM'000
USD	Strengthened 5%	145	96
	Weakened 5%	(145)	(96)
GBP	Strengthened 5%	(1)	(1)
	Weakened 5%	1	1
EUR	Strengthened 5%	(1)	1
	Weakened 5%	1	(1)
BND	Strengthened 5%	(1)	-
	Weakened 5%	<u>1</u>	<u>-</u>

(b) Interest rate risk

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

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Market risks (cont'd)

(b) Interest rate risk (cont'd)

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

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

	Group	
	2022	2021
	RM'000	RM'000
Fixed rate instrument		
Financial Liability		
- Lease liabilities	755	802

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

(c) 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 instruments. These investments are listed on Bursa Malaysia and are classified as fair value through profit or loss or available-for-sale financial assets.

Management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/lower, with all other variables held constant, the Group's profit before tax would have been RM61,000 (2021: RM163,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been RM1,000 (2021: RM1,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

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

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

	Fair value of financial instruments carried at fair value Level 1 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
2022			
Financial Assets			
Investment securities	69	69	69
Other investments	6,089	6,089	6,089
2021			
Financial Assets			
Investment securities	59	59	59
Other investments	16,256	16,256	16,256
Company			
2022			
Financial Asset			
Other investments	3,633	3,633	3,633
2021			
Financial Asset			
Other investments	2,781	2,781	2,781

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

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

32. CAPITAL MANAGEMENT

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

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

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

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

33. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 April 2023.

LIST OF PROPERTIES

Location of Property	Description (Existing Use)	Land Area Buildup Area (Sq ft.)	Tenure	Age of Building	Net Book Value as at 31.12.2022	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	26 years	RM646,129	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	16 years	RM326,456	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	16 years	RM326,456	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	20 years	RM299,396	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	20 years	RM284,711	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	52 years	RM245,855	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	26 years	RM226,471	June 1994
No. 89, Jalan Pendamar 27/90, Seksyen 27 40400 Shah Alam (PT No 4784)	Company Warehouse 1+1/2 storey factory	4,680 / 3,735	Freehold	26 years	RM1,455,000	July 2021

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

SHARE CAPITAL

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

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
62	Less than 100	1,789	*
106	100 to 1,000	51,574	0.04
400	1,001 to 10,000	2,405,090	1.70
503	10,001 to 100,000	17,649,449	12.50
101	100,001 to less than 5% of issued shares	59,157,162	41.91
4	5% and above of the issued shares	61,895,076	43.85
1,176	TOTAL	141,160,140	100.00

* Less than 0.01%

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

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Cher Sew Seng	19,397,847	13.74
2.	Chee Long Sing @ Cher Hwee Seng	16,500,000	11.69
3.	Chee Long Sing @ Cher Hwee Seng	14,186,784	10.05
4.	Goh Ah Heng @ Goh Keng Chin	11,810,445	8.37
5.	JCBNEXT Berhad	6,233,100	4.42
6.	Soh Kian Teck	4,670,096	3.31
7.	Moke Joan Moon	4,527,950	3.21
8.	Chu Sou Taik	4,376,448	3.10
9.	Tee Meng Hock	3,613,683	2.56
10.	Tee Meng Hock	2,999,883	2.13
11.	Chu Sou Taik	2,270,400	1.61
12.	Ong Gee Leng	2,014,724	1.43
13.	Yee Kim Ee	1,779,330	1.26
14.	CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt an for DBS Bank LTD (SFS)	1,160,700	0.82
15.	Cher Lip Chun	1,024,802	0.73
16.	Sim Mui Khee	1,002,591	0.71
17.	Tey Ser Kok @ Teh Ser Kok	825,000	0.58
18.	Ng Kim Yuen	745,000	0.53
19.	Goh Foi Tee	743,800	0.53
20.	Cher Chou Chiang	740,000	0.52
21.	Khor Meow Siang	667,000	0.47
22.	Low Kwi Yeen	660,000	0.47
23.	Pacific Trustees Berhad - Exempt an for Tradeview Capital Sdn. Bhd. (Clients' Account)	636,100	0.45

ANALYSIS OF SHAREHOLDINGS (CONT'D)

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

	Name of Shareholders	No. of Shares Held	Percentage (%)
24.	Cher Lip Ter	599,260	0.42
25.	Lee Keng Fah	585,400	0.41
26.	Lim Chee Chin @ Lim Ching Sin	550,000	0.39
27.	Siau Jy Ne	515,840	0.37
28.	Lai Boon Kiat	500,000	0.34
29.	Kor Beng	495,000	0.35
30.	Siow Kin Leong	495,000	0.35
	Total	106,326,183	75.32

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

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

Note:-

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

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

	Name of Directors	No. of Shares Held			
		Direct	%	Indirect	%
1.	Chee Long Sing @ Cher Hwee Seng	30,686,784	21.74	805,249 [#]	0.57
2.	Cher Lip Chun	1,024,802	0.73	66,000 [^]	0.05
3.	Cher Sew Seng	19,397,847	13.74	1,482,500 ^{##}	1.05
4.	Dato' Ismail bin Hamzah	-	-	-	-
5.	Tan Tian Wooi	-	-	-	-
6.	Datuk Wira Dr. Goy Hong Boon	-	-	-	-

Notes:-

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 23rd Annual General Meeting (“**AGM**”) of **SCC HOLDINGS BERHAD** will be held at Swan 2, Level 7, The Pearl Kuala Lumpur, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on **Friday, 26 May 2023 at 2.30 p.m.** or at any adjournment thereof for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Report of the Directors and Auditors thereon. (See Explanatory Note 8)
2. To approve the payment of Directors’ fees of up to RM14,000 for the financial year ending 31 December 2023 payable in arrears after each month of completed service of the Directors during the financial year be and is hereby approved. (Ordinary Resolution 1)
3. To approve the payment of Directors’ fees of up to RM96,000 for the financial year ending 31 December 2024 payable in arrears after each month of completed service of the Directors during the financial year be and is hereby approved. (Ordinary Resolution 2)
4. To re-elect the following Directors who retire by rotation pursuant to Clause 165 of the Company’s Constitution and who being eligible, have offered themselves for re-election:
 - (i) Datuk Wira Dr. Goy Hong Boon; and (Ordinary Resolution 3)
 - (ii) Mr. Tan Tian Wooi. (Ordinary Resolution 4)(See Explanatory Note 9)
5. To re-appoint Messrs UHY as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS

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

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (“CA 2016”)** (Ordinary Resolution 6)
(See Explanatory Note 10)

“**THAT** subject always to the CA 2016, the Constitution of the Company, the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the CA 2016 to allot and issue shares in the Company, at any time and from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting (“**Mandate**”);

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT approval be and is hereby given for the waiver of the statutory pre-emptive rights of the existing shareholders of the Company to be offered new shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company pursuant to Section 85 of the CA 2016 and Clause 21 of the Constitution of the Company arising from any issuance of new shares pursuant to the Mandate;

AND THAT the Board of Directors ("**Board**") of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company arising from any issuance of new shares pursuant to the Mandate."

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

By Order of the Board
SCC HOLDINGS BERHAD

THONG PUI YEE (MAICSA 7067416)
(SSM PC No. 202008000510)
Company Secretary
Kuala Lumpur

Date: 27 April 2023

Notes:-

1. A shareholder is entitled to appoint a proxy or proxies to exercise all or any of the shareholder's rights to attend, speak and vote at AGM. The proxy appointed shall have the same rights as the shareholders to speak at AGM.
2. If a shareholder appoints more than 1 proxy, they must specify the proportion of the shareholder's shareholdings to be represented by each proxy.
3. A proxy need not be a shareholder.
4. Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof, shall be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or fax to 03-6201 3121 or email to ir.scc@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
7. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities ("**AMLR**"), all resolutions set out in this notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

8. Audited Financial Statements for financial year ended 31 December 2022

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

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

The Proposed Ordinary Resolutions 3 and 4 in Agenda 4, if passed, will allow Datuk Wira Dr. Goy Hong Boon ("**Datuk Wira Dr. Goy**") and Mr. Tan Tian Wooi ("**Mr. Tan**"), to be re-elected and continued acting as Directors of the Company. Datuk Wira Dr. Goy and Mr. Tan being eligible, have offered themselves for re-election at this AGM pursuant to Clause 165 of the Constitution. The profiles of Datuk Wira Dr. Goy and Mr. Tan are set out in the Directors' Profile section of the 2022 Annual Report.

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

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

Explanatory Notes on Special Business

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

The Ordinary Resolution 6 is proposed pursuant to Sections 75 and 76 of the CA 2016 for the purpose of obtaining a renewed general mandate ("**General Mandate**"), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next annual general meeting of the Company after the approval was given, or at the expiry of the period within which the next annual general meeting of the Company is required to be held after the approval was given, whichever is earlier.

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate granted to the Directors at the last Annual General Meeting held on 25 May 2022 and it will lapse at the conclusion of the 23rd AGM of the Company.

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

Pursuant to Section 85 of the CA 2016 read together with Clause 21 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities. Should the existing shareholders of the Company approve the proposed Ordinary Resolution 6, they are waiving their pre-emptive rights pursuant to Section 85(1) of the CA 2016, which then would allow the Directors to issue New Shares to any person without having to offer the said New Shares equally to all existing shareholders of the Company prior to issuance. This will result in a dilution to the shareholding percentage of the existing shareholders of the Company.

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FORM OF PROXY



SCC HOLDINGS BERHAD

Registration No. 200001008871 (511477-A)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

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

of _____
(FULL ADDRESS)

Email Address _____ Mobile Phone No. _____

being a member/members of **SCC HOLDINGS BERHAD** ("**Company**"), hereby appoint

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

and/or failing him/her

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

or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting ("**AGM**") of the Company which will be held at Swan 2, Level 7, The Pearl Kuala Lumpur, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on **Friday, 26 May 2023 at 2.30 p.m.** or at any adjournment thereof, on the following resolutions as set out in the Notice of 23rd AGM.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees for the financial year ending 31 December 2023		
2.	Payment of Directors' Fees for the financial year ending 31 December 2024		
3.	Re-election of Datuk Wira Dr. Goy Hong Boon		
4.	Re-election of Mr. Tan Tian Wooi		
5.	Re-appointment of Auditors		
6.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this _____ day of _____ 2023.

Signature(s) of member(s)

Notes:-

- A shareholder is entitled to appoint a proxy or proxies to exercise all or any of the shareholder's rights to attend, speak and vote at AGM. The proxy appointed shall have the same rights as the shareholders to speak at AGM.
- If a shareholder appoints more than 1 proxy, they must specify the proportion of the shareholder's shareholdings to be represented by each proxy.
- A proxy need not be a shareholder.
- Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax 03-6201 3121 or email to ir.scc@shareworks.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.
- Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar

SHAREWORKS SDN BHD

Registration No.: 199101019611 (229948-U)

No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas, 50480 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur Malaysia.

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SCC HOLDINGS BERHAD

200001008871 (511477-A)

19-21, Jalan Hujan, Taman Overseas Union

58200 Kuala Lumpur, Malaysia.

T: (603) 7782 8384

F: (603)7781 8561

E: sccholdings@scc.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0158
COMPANY NAME : SCC HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the stewardship of the Group and the direction of the management. It is responsible and accountable to the long term sustainable value creation for its stakeholders.</p> <p>The Group has documented clear policies to identify and segregate the functions and responsibilities of the Board and the management, Executive Chairman as well as the Managing Director in ensuring the smooth running of the Group's business operations.</p> <p>Their responsibilities are guided by the Board Charter, which has been reviewed and updated to be in line with the practices of Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and the Companies Act 2016, a copy of which is made available to all Directors of the Company. The Board Charter is disclosed in the SCC CG Report which can be downloaded from SCC corporate website at www.sccholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>Mr. Chee Long Sing @ Cher Hwee Seng ("Ben Cher") is the Executive Chairman of the Company. His profile is presented on page 5 of the company's Annual Report.</p> <p>The Chairman is responsible to, amongst others:</p> <ul style="list-style-type: none">i. Ensure that all relevant issues for the effective running of the Company's business are on the agenda;ii. Ensure that clear and quality information to facilitate decision-making is delivered to Board members on a timely basis;iii. Encourage all directors to play an active role in Board activities and facilitate the effective contributions of all members of the Board;iv. Chair general meetings of shareholders;v. Ensure that there is regular and effective evaluation of the Board's performance;vi. Ensure that every Board resolution and questions arising at any Board meeting to be decided by a majority of votes;vii. Ensure the integrity and effectiveness of the governance process of the Board;viii. Act as facilitator at Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming and ensure that discussions result in logical and understandable outcomes, andix. Perform other responsibilities assigned by the Board from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

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

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

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

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

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

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

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

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

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

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

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The board charter was approved by the Board on 30 April 2018 and published on the company's website. Subsequent amendment to the charter can only be approved by the Board.</p> <p>Besides setting out the roles and responsibilities of the Board, the board charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, investor relations and shareholder communication.</p> <p>The board charter would be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The board charter is published on the Company's website at www.sccholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

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

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised Whistleblowing Policies and Procedures ("WBPP") on 30 April 2018 and published it on the Company's website. The WBPP promotes an environment of integrity and ethical behaviour within the Group and are applicable to all employees of the Group.</p> <p>The Audit Committee ("AC") Chairman has been identified by the Board as the person to whom all whistle blowing reports may be conveyed. The AC Chairman may delegate the responsibilities for implementing the Whistle Blowing procedures to a guardian/custodian of the Whistle Blowing procedure within the Company.</p> <p>The details of the Whistleblowing Policy are available for reference at the Company's website at www.sccholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

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

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	As a Group, the well-being of customers, employees and other stakeholders as well as the environment is crucial in sustaining the Group's long term performance. The Board factors in these sustainability considerations and ensures that the Company's strategies, priorities and targets are communicated to internal and external stakeholders. As such, the Company incorporates Economic, Environment and Social ("EES") risks and opportunities into the business decisions, given their heightened materiality in decision-making considerations of stakeholders. The description of SCC Group's sustainability agenda is spelled out in its Sustainability Statement which can be found in Annual Report 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

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

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board of Directors was formally assessed with regards to material sustainability risks and opportunities. The questionnaire specifically modality deployed through a peer evaluation provided extensive coverage on the sustainability areas.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee assessed the performance of the Directors standing for re-election at the Company’s 22 nd Annual General Meeting via the Board Evaluation (“BE”). Amongst others, the BE assessed the Directors’ competencies, commitment, contribution, performance, independence and their ability to act in the best interest of the company as a whole.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	During FY2022, the Board has six (6) members, comprising: a) One (1) Executive Chairman; b) One (1) Managing Director; c) One (1) Deputy Managing Director; and d) Three (3) Independent Non-Executive Directors. Half of the Board comprises Independent Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>In 2022, the tenure of each of Directors was as follows:</p> <ol style="list-style-type: none">Dato' Ismail bin Hamzah (12 years);Datuk Wira Dr. Goy Hong Boon (12 years). <p>During FY2022, the Board through its NC conducted an assessment of the independence of all its Independent Non-Executive Directors and was satisfied that the Independent Non-Executive Directors have fulfilled the criteria under the definition of Independent Director as stated in the deliberation of the Board's agenda. Based on the Board's assessment, the Board had recommended the retention of Dato' Ismail bin Hamzah and Datuk Wira Dr. Goy Hong Boon as Independent Non-Executive Directors which was approved by the shareholders via two-tier voting process at the 22nd AGM held on 25 May 2022.</p> <p>The NC's justifications to retain Dato' Ismail and Datuk Wira Dr. Goy are premised on the following: -</p> <ul style="list-style-type: none">- They continue to fulfil the criteria and definition of an Independent Director as set out under Rule 1.01 of Bursa Malaysia Listing Requirements;- During their tenure in office, they have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director(s), major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties;- During their tenure in office, they have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director(s), major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Guidance Note 9 of the Listing Requirements;- During their tenure in office, they have not been offered or granted any options by the Company. Other than directors' fees paid which had been the norm and been duly disclosed in the

	annual reports, no other incentives or benefits of whatsoever nature had been paid to them by the Company; - During their tenure in office, they have demonstrated consistently his integrity, commitment and contributed effectively to the Board's decision-making process; and - During their tenure in office, they have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

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

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company practices a formal and transparent procedure for the appointment of its new directors.</p> <p>The Board delegates to the Nomination Committee ("NC") the responsibility to establish a formal and transparent procedure for the nomination and appointment of new Directors to the Board. Such responsibilities include screening, conducting initial selection of internal and external candidates, performing requisite evaluation and assessment on candidates' ability to discharge their duties effectively and efficiently. The NC also ensures candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge their role as directors and are able to meet the demands of the ever changing landscape of the industry.</p> <p>Furthermore, the Board continues to build a database of potential candidates collated from various independent sources as well as other sources like industry acquaintance.</p> <p>There was no new appointment of director during the financial year 2022.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>Through the Board Evaluation ("BE"), the Nomination Committee ("NC") had assessed the directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution and their ability to act in the best interest of the Company.</p> <p>The Board at its meeting held on 5 April 2022 endorsed the recommendation of the NC for the following directors to be considered for re-election pursuant to the following relevant Clause of SCC Group's Constitution at its 22nd AGM.</p> <p><u>Clause 165</u></p> <p>(i) Datuk Wira Dr. Goy Hong Boon</p> <p>(ii) Mr. Tan Tian Wooi</p> <p>The candidates also declared as follows:</p> <p>(a) No conflict of interest with SCC Holdings Berhad</p> <p>(b) No conviction of offences within the past 5 years other than traffic offences, if any.</p> <p>Does not hold more than five directorships in listed issues.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominating Committee (“NC”) is chaired by Independent Non-Executive Director. The members of the NC are as follows:</p> <p><u>Chairman</u> Dato’ Ismail bin Hamzah (Independent Non-Executive Director)</p> <p><u>Members</u> Datuk Wira Dr. Goy Hong Boon (Independent Non-Executive Director) Tan Tian Wooi (Independent Non-Executive Director)</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board believes that competency and skills are more important than gender diversity.	
		The Board will consider the appointment of female director when a right candidate is identified.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

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

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

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

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The long-standing practice in determining executive directors and senior management's remuneration is based on the Chairman's recommendation and performance bonus payments associated with company and individual performance. The Chairman has in-depth knowledge of the demands, complexities and performance of the directors and senior management.	
		Fees for non-executive directors are determined on a yearly basis and all the directors agreed that these are aligned with market practice.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

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

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of each individual Director's remuneration comprising fees, salary, bonuses, allowances, Employees Provident Fund and Social Security Contribution for FY2022 are disclosed on named basis under the Corporate Governance Overview Statement's Principle A (Board Leadership and Effectiveness of the Annual Report 2022.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	CHEE LONG SING @ CHER HWEE SENG	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	360	30	11	1	402
2	CHER SEW SENG	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	480	40	11	22	553
3	GOH AH HENG @ GOH KENG CHIN	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	150	360	9	0	519
4	CHER LIP CHUN	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	360	60	11	51	482
5	DATO' ISMAIL BIN HAMZAH	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	24	Input info here	Input info here	2	Input info here	26
6	DATUK WIRA DR. GOY HONG BOON	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	24	Input info here	Input info here	2	Input info here	26
7	TAN TIAN WOOL	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	24	Input info here	Input info here	2	Input info here	26
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Not applicable - all members of senior management are members of the board	
Explanation on application of the practice	:	Instruction – Please disclose the required information in the table below. Sole reference to the annual report, without disclosing the required information in the table provided is not allowed.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	CHEE LONG SING @ CHER HWEE SENG	Executive Director	360	Input info here	30	11	1	402
2	CHER SEW SENG	Executive Director	480	Input info here	40	11	22	553
3	CHER LIP CHUN	Executive Director	360	Input info here	60	11	51	482
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee is Dato' Ismail bin Hamzah, an Independent Non-Executive Director and is not the Chairman of the Board. This ensures that the Board is able to objectively review the audit and risk findings and recommendations.</p> <p>The profile of Dato' Ismail bin Hamzah is available on page 6 of the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Audit Committee ("AC") has yet to revise its Terms of Reference to include a clause on a minimum cooling-off period of three (3) years before a former key audit partner can be appointed as a member of the Audit Committee.	
		The AC expects to formulate a policy and revise its Terms of Reference to include the said clause in three (3) years' time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Audit Committee ("AC") has yet to formulate policies and procedures to assess the suitability, objectivity and independence of the external auditor.	
	:	The AC expects to formulate policies and procedures to assess the suitability, objectivity and independence of the external auditor in three (3) years' time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	Audit Committee members possess a wide range of necessary skill as recommended by MCCG. The AC members’ profile is disclosed in Directors’ Profile of the Annual Report 2022.	
		Audit Committee members acknowledged the need for continuous education trainings. For the year under review, the trainings attended by the members of AC are as follows:	
		Director	Trainings/ Seminars Attended
		Dato’ Ismail bin Hamzah	• The Securities Commissions Malaysia’s Audit Oversight Board (“AOB”) Conversation with Audit Committees – Session 2
		Datuk Wira Dr. Goy Hong Boon	• Wild Digital Southeast Asia 2022: Unlocking Asia’s Evolving Tech Future
		Tan Tian Wooi	• ESG in Financial Reporting
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has a risk management framework and internal control systems in place to ensure the smooth running of the business with the aim to manage the risks and control of the Company's business and financial affairs economically, efficiently and effectively to be able to seize profitable business opportunities in a disciplined way while avoiding or mitigating risks that could cause loss, reputational damage or business failure. The Board has disclosed the main features of the risk management framework and internal control system in Annual Report 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Company’s risk management and internal control framework, which cover their adequacy and effectiveness are disclosed under the Statement of Risk Management and Internal Control in Annual Report 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is outsourced to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional that is a corporate service member of the Institute of Internal Auditors ("IIA") Malaysia. The director-in-charge of the engagement, in her capacity as the head of the internal audit function, is also an individual member of the IIA.</p> <p>On annual basis, CGRM provided the Board with a signed declaration of competency and the list of training attended by the audit engagement team. During 2022, three (3) internal audit reviews were performed with reference to the Internal Standards for Professional Practice of Internal Auditing with reports prepared and presented to the AC and subsequently, the AC Chairman briefed the reports to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent internal audit professional services firm.</p> <p>The engagement team comprised of one (1) engagement director, one (1) quality control reviewer and two (2) internal auditors.</p> <p>The engagement director holds the Certified Internal Audit designation and is a Chartered Member of the Institute of Internal Auditors, USA.</p> <p>The internal audit fieldwork and reporting were carried out with reference to the International Professional Practice Framework for Internal Audit; International Standards for the Professional Practices of Internal Auditing; the IIA Code of Ethics and the COSO Framework for Internal Controls.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

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

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

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

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

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

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	On 27 April 2022, the Company had despatched the notice of its 22 nd Annual General Meeting (“AGM”) to shareholders, at least 28 days prior to the meeting which was held on 26 May 2022. The additional time given to shareholders is to allow them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors and the Chairpersons of AC, NC and RC including the Management, Company Secretary and External Auditors, attended the 22nd AGM held on 25 May 2022 and responded to the shareholders’ and proxies enquiries.</p> <p>During the 22nd AGM, the Board encouraged participation from the shareholders by having a questions-and-answer (Q&A) session.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 22nd AGM was held and conducted on a virtual basis through live streaming and online remote voting from the Broadcast Venue at Boardroom, No. 15A, Jalan Hujan Taman Overseas Union, 58200 Kuala Lumpur, Wilayah Persekutuan (KL) ("Broadcast Venue"). All shareholders and proxies who are attending and participating in the 22nd AGM remote participation and voting ("RPV") facilities were able to pose questions and vote online.</p> <p>The Company used RPV facilities provided by the service provider, ShareWorks Sdn. Bhd. which has been robustly tested to gain assurance on its reliability, stability and security to allow for a large number of participants to attend, participate and vote the 22nd AGM simultaneously.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Company has always been cognizant of the importance in ensuring the AGM supports meaningful engagement between the Board, Management and shareholders.</p> <p>At the 22nd AGM, the Chairman encouraged the participation of shareholders and proxies through Q&A session. The shareholders were opportunity to email their questions to the Board of Directors of the Company prior to the 22nd AGM as well.</p> <p>The outcome of the 22nd AGM was announced to Bursa Securities on the same day after the conclusion of the 22nd AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company's 22 nd AGM was successfully held and conducted on a virtual basis through live streaming and online remote voting from the Broadcast Venue on 25 May 2022. The shareholders and proxies are encouraged to pose their questions using RPV facilities.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The minutes of the 22 nd Annual General Meeting ("AGM") of the Company held on 26 May 2022 were not circulated to the shareholders.
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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