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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities (continued)					
Operating cash flows before changes in working capital, brought down		18,185	23,706	18,682	2,126
Changes in working capital:					
Contract assets		(117)	1,381	–	–
Inventories		(30,437)	(2,116)	–	–
Other current assets		1,509	4,210	–	–
Lease receivables		(9,367)	–	–	–
Trade and other receivables		(13,440)	(12,044)	–	415
Trade and other payables		23,232	(11,296)	3,226	259
		(28,620)	(19,865)	3,226	674
Net cash generated from operations		(10,435)	3,841	21,908	2,800
Interest paid		(3,389)	(3,582)	(2)	(5)
Tax paid		(82)	(3,364)	(31)	(49)
Net cash (used in)/ from operating activities		(13,906)	(3,105)	21,875	2,746
Cash flows from investing activities					
Acquisition of additional interest in a subsidiary		–	(1,224)	–	–
Dividend income from short-term funds		103	43	35	22
Interest received		169	298	41	80
Additional investment in subsidiaries		–	–	(6,204)	(15,539)
Repayment of share capital in a subsidiary		–	–	12,500	–
Purchase of property, plant and equipment	5(a)	(5,918)	(14,374)	(20)	(32)
Additions of intangible assets		(13)	-	–	–
Net change in short-term funds	(c)	(6,153)	(12,931)	(6,574)	(6,588)
Proceeds from disposal of property, plant and equipment		316	372	–*	32
(Advances to)/Repayments from subsidiaries		–	–	(13,773)	13,462
Net cash used in investing activities		(11,496)	(27,816)	(13,995)	(8,563)

* represents the proceeds from disposal of property, plant and equipment of RM401.

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from financing activities	(a)				
Dividends paid to owners of the Company		(2,142)	–	(2,142)	–
Net drawdown of term loans		14,275	802	–	–
Proceeds from ordinary shares issued pursuant to ESOS		1,090	612	1,090	612
Repayments of lease liabilities		(3,455)	(3,082)	(54)	(71)
Repayment to a subsidiary		–	–	–	(350)
Advances from/ (Repayments to) directors		2,834	(896)	–	–
Net drawndown of short-term borrowings		15,553	4,185	–	–
Subscription of shares in subsidiaries by non-controlling interests		1,000	2,475	–	–
Net cash from/(used in) financing activities		29,155	4,096	(1,106)	191
Net increase/(decrease) in cash and cash equivalents		3,753	(26,825)	6,774	(5,626)
Cash and cash equivalents at the beginning of the financial year		37,696	65,031	5,283	10,909
Effects of foreign exchange rate changes		(700)	(510)	–	–
Cash and cash equivalents at the end of the financial year	16	40,749	37,696	12,057	5,283

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

(a) Changes in liabilities arising from financing activities:

	Note	1.4.2021 RM'000	Cash flows RM'000	Acquisition RM'000	Lease modification RM'000	31.3.2022 RM'000
Group						
Amounts owing to directors	22	358	2,834	–	–	3,192
Lease liabilities	17,20	8,479	(3,429)	11,202	(26)	16,226
Term loans	17,20	25,356	14,275	–	–	39,631
Short-term borrowings	17,20	37,488	15,553	–	–	53,041
		71,681	29,233	11,202	(26)	112,090
Company						
Amounts owing to subsidiaries	22	476	–	–	–	476
Lease liabilities	20	60	(54)	–	–	6
		536	(54)	–	–	482

	Note	1.4.2020 RM'000	Cash flows RM'000	Acquisition RM'000	31.3.2021 RM'000
Group					
Amounts owing to directors	22	1,254	(896)	–	358
Lease liabilities	20	7,669	(3,082)	3,892	8,479
Term loans	20	24,554	802	–	25,356
Short-term borrowings	20	33,303	4,185	–	37,488
		66,780	1,009	3,892	71,681
Company					
Amounts owing to subsidiaries	22	826	(350)	–	476
Lease liabilities	20	131	(71)	–	60
		957	(421)	–	536

(b) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM4,866,000 (2021: RM3,539,000) and RM54,000 (2021: RM71,000) respectively.

(c) The short-term funds are integral part of the Group's and the Company's capital management as disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

PCCS Group Berhad ("the Company") is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor.

The principal place of business of the Company is located at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are as disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 July 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) The Group and Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application of the applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, 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 foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.4 Financial instruments

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

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group and the Company classify their debt instruments is as follows:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group and the Company classify their debt instruments is as follows: (Cont'd)

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.4 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial instruments (Cont'd)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

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

(b) Subsequent costs

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

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	20-50
Plant and machinery, air-conditioners, factory equipment and electrical installation	10
Renovation, furniture and fittings and office equipment	5-10
Motor vehicles	5

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.5 Property, plant and equipment (Cont'd)

(d) Derecognition

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

3.6 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

All properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives of 50 years.

3.7 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 and lease liabilities in Note 20.

<u>Right-of-use asset</u>

The right-of-use asset is initially recognised 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 the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.7 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Right-of-use asset (Cont'd)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.7 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group and the Company is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group and the Company is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.8 Goodwill and other intangible asset

(a) Goodwill

Goodwill arising from business combination is initially measured at cost, being the excess of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

(b) Trademarks

Trademarks acquired are measured on initial recognition at cost. The useful lives of the trademarks are assessed to be indefinite and are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful lives of trademarks are reviewed annually to determine whether the useful lives assessment continues to be supportable.

3.9 Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.10 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average cost 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.

3.11 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rate basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.12 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

3.13 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.14 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date;and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.14 Impairment of assets (Cont'd)

(a) Impairment of financial assets (Cont'd)

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.14 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets 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 Group and the Company make an estimate of the asset's recoverable amount. For goodwill that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.15 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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

3.16 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3.17 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund (**"EPF"**), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.18 Share-based payments

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 19(d).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.19 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

(a) Sale of goods – manufacturing

The Group manufactures and sells a range of garments, labels and stickers to local and foreign customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with credit terms of 15 to 120 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

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

3.19 Revenue and other income (Cont'd)

(a) Sale of goods – manufacturing (Cont'd)

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts where applicable. The Group uses the expected value method because it is the method that the Group expects to better predict the estimated volume discounts to which it will be provided to the customers.

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

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

(b) Lease interest income

Lease interest income is recognised upon commencement of the lease agreement using a constant periodic rate of return over the period of the agreement.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

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

(f) Others

Revenue from insurance commission and handling and processing fees are recognised at a point in time when the services have been rendered to the customers and coincide with the delivery of services acceptance by customers.

3.20 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.20 Borrowing costs (Cont'd)

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.21 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current 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.

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.21 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.22 Earnings per share

The Group presents basic and diluted earnings per share (**"EPS"**) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Directors of the Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.24 Fair value measurements

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

For a 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.24 Fair value measurements (Cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use 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 Group and 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

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

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group analyses expected sales trend when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is 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 with forward-looking information.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets are disclosed in Note 3.14(a).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 April 2021	4,584	62,965	98,855	36,367	4,986	26,050	1,324	235,131
Additions	–	170	2,473	1,782	853	11,202	640	17,120
Disposals	–	–	(5,130)	(311)	(282)	(104)	–	(5,827)
Written off	–	–	(2,312)	(378)	(44)	(2,892)	–	(5,626)
Derecognition	–	–	–	–	–	(35)	–	(35)
Reclassification	(23)	839	3,272	273	94	(2,608)	(1,847)	–
Transfer to investment property (Note 6)	–	(6,288)	–	–	–	(2,448)	–	(8,736)
Transfer to disposal group classified as held for sale (Note 17)	(4,561)	(11,071)	(39,290)	(8,651)	(808)	(8,598)	–	(72,979)
Exchange differences	–	1,910	1,087	1,005	112	552	42	4,708
At 31 March 2022	–	48,525	58,958	30,087	4,911	21,119	159	163,756
Accumulated depreciation								
At 1 April 2021	–	11,988	60,197	28,527	3,355	6,257	–	110,324
Depreciation charge for the financial year (Note 27)	–	2,333	4,916	1,580	544	3,495	–	12,868
Disposals	–	–	(4,636)	(282)	(231)	(104)	–	(5,253)
Written off	–	–	(2,309)	(376)	(44)	(2,892)	–	(5,621)
Derecognition	–	–	–	–	–	(9)	–	(9)
Reclassification	–	–	1,615	(2)	75	(1,688)	–	–
Transfer to investment property (Note 6)	–	(872)	–	–	–	(412)	–	(1,284)
Transfer to disposal group classified as held for sale (Note 17)	–	(1,172)	(19,261)	(4,021)	(683)	(2,045)	–	(27,182)
Exchange differences	–	511	570	932	53	76	–	2,142
At 31 March 2022	–	12,788	41,092	26,358	3,069	2,678	–	85,985

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group 2022 (Cont'd)	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated impairment loss								
At 1 April 2021	–	–	740	82	–	–	–	822
Impairment loss during the financial year (Note 27)	–	–	919	308	–	–	–	1,227
At 31 March 2022	–	–	1,659	390	–	–	–	2,049
Net carrying amount								
At 31 March 2022	–	35,737	16,207	3,339	1,842	18,441	159	75,722

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group 2021	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 April 2020	4,584	59,972	90,080	35,379	5,225	22,913	2,320	220,473
Additions	–	–	9,684	978	83	4,174	3,347	18,266
Disposals	–	–	(387)	(189)	(368)	(444)	–	(1,388)
Written off	–	–	49	(137)	(139)	-	(2,478)	(2,705)
Reclassification	–	2,601	(102)	(36)	182	(618)	(2,027)	–
Exchange differences	–	392	(469)	372	3	25	162	485
At 31 March 2021	4,584	62,965	98,855	36,367	4,986	26,050	1,324	235,131
Accumulated depreciation								
At 1 April 2020	–	9,474	57,213	26,682	3,112	4,248	–	100,729
Depreciation charge for the financial year (Note 27)	–	2,267	5,719	1,669	497	2,668	–	12,820
Disposals	–	–	(210)	(146)	(198)	(334)	–	(888)
Written off	–	–	(2,396)	(124)	(139)	–	–	(2,659)
Reclassification	–	–	169	–	101	(270)	–	–
Exchange differences	–	247	(298)	446	(18)	(55)	–	322
At 31 March 2021	–	11,988	60,197	28,527	3,355	6,257	–	110,324

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group 2021 (Cont'd)	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated impairment loss								
At 1 April 2020	–	–	416	–	–	–	–	416
Impairment loss during the financial year (Note 27)	–	–	324	82	–	–	–	406
At 31 March 2021	–	–	740	82	–	–	–	822
Net carrying amount								
At 31 March 2021	4,584	50,977	37,918	7,758	1,631	19,793	1,324	123,985

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Company 2022	Air-conditioners RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
Cost						
At 1 April 2021	37	–	138	55	262	492
Additions	–	11	9	–	–	20
Disposals	–	–	(5)	(7)	–	(12)
At 31 March 2022	37	11	142	48	262	500
Accumulated depreciation						
At 1 April 2021	30	–	61	33	117	241
Depreciation charge for the financial year (Note 27)	4	–*	21	10	52	87
Disposals	–	–	(5)	(7)	–	(12)
At 31 March 2022	34	–	77	36	169	316
Net carrying amount						
At 31 March 2022	3	11	65	12	93	184

* represents the depreciation of RM94.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Company 2021	Air-conditioners RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
Cost						
At 1 April 2020	37	29	114	55	262	497
Additions	–	–	32	–	–	32
Disposals	–	(29)	–	–*	–	(29)
Written off	–	–	(8)	–	–	(8)
At 31 March 2021	37	–	138	55	262	492
Accumulated depreciation						
At 1 April 2020	26	2	50	24	65	167
Depreciation charge for the financial year (Note 27)	4	1	19	9	52	85
Disposals	–	(3)	–	–	–	(3)
Written off	–	–	(8)	–	–	(8)
At 31 March 2021	30	–	61	33	117	241
Net carrying amount						
At 31 March 2021	7	–	77	22	145	251

* represents the cost of RM1.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM17,120,000 (2021: RM18,266,000) and RM20,000 (2021: RM32,000) respectively which are satisfied by the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease arrangements	11,202	3,892	–	–
Cash payments	5,918	14,374	20	32
	17,120	18,266	20	32

(b) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 20 are as follows:

	Group	
	2022 RM'000	2021 RM'000
Freehold land and buildings	–	20,972
Plant and machinery	–	12,071
	–	33,043

In the previous financial year, certain plant and machinery of the Group with net carrying amounts of RM546,000 were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 20.

(c) The Group and the Company lease several assets including land use rights, plant and machinery, premises and motor vehicles.

Group	Land use rights RM'000	Land RM'000	Plant and machinery RM'000	Premises RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount						
1 April 2020	9,329	–	5,804	2,983	549	18,665
Additions	–	–	1,720	2,228	226	4,174
Depreciation	(200)	–	(784)	(1,486)	(198)	(2,668)
Disposals	–	–	–	(110)	–	(110)
Reclassification	–	–	(267)	–	(81)	(348)
Exchange differences	148	–	–	(68)	–	80
At 31 March 2021	9,277	–	6,473	3,547	496	19,793

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

(c) The Group and the Company lease several assets including land use rights, plant and machinery, premises and motor vehicles. (Cont'd)

Group	Land use rights RM'000	Land RM'000	Plant and machinery RM'000	Premises RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount						
1 April 2021	9,277	–	6,473	3,547	496	19,793
Additions	–	6,195	1,553	3,352	102	11,202
Depreciation	(164)	(72)	(985)	(2,087)	(187)	(3,495)
Derecognition	–	–	–	(26)	–	(26)
Reclassification	–	–	(900)	–	(19)	(919)
Transfer to investment property	(2,036)	–	–	–	–	(2,036)
Transfer to disposal group classified as held for sale	–	–	(6,141)	(112)	(300)	(6,553)
Exchange differences	377	–	–	98	–	475
At 31 March 2022	7,454	6,123	–	4,772	92	18,441

Company	Motor vehicles RM'000
Carrying amount	
At 1 April 2020	197
Depreciation	(52)
At 31 March 2021	145
Depreciation	(52)
At 31 March 2022	93

(d) During the financial year, an impairment loss of RM1,227,000 (2021: RM406,000) is provided for certain plant and machinery, factory equipment and office equipment as the carrying amount of these plant and equipment are higher than their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INVESTMENT PROPERTIES

	Group	
	2022 RM'000	2021 RM'000
At cost		
At beginning of the financial year	12,246	11,893
Transfer from property, plant and equipment (Note 5)	8,736	–
Exchange differences	530	353
At end of the financial year	21,512	12,246
Accumulated depreciation		
At beginning of the financial year	2,446	2,130
Depreciation charge during the financial year (Note 27)	847	253
Transfer from property, plant and equipment (Note 5)	1,284	–
Exchange differences	104	63
At end of the financial year	4,681	2,446
Carrying amount	16,831	9,800

(a) The following are recognised in the profit or loss in respect of investment properties:

	Group	
	2022 RM'000	2021 RM'000
Rental income	767	731
Direct operating expenses	(89)	(176)

Fair value information

The fair value of investment properties of the Group is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Freehold buildings	–	–	1,760	1,760
Leasehold building	–	–	8,294	8,294
Leasehold office lot	–	–	13,320	13,320
	–	–	23,374	23,374
2021				
Freehold buildings	–	–	1,760	1,760
Leasehold office lot	–	–	13,520	13,520
	–	–	15,280	15,280

6. INVESTMENT PROPERTIES (CONT'D)

The valuation of Level 3 of certain investment properties of the Group as at 31 March 2022 and 31 March 2021 were determined by directors' estimation based on indicative market price of similar properties in the vicinity and replacement cost model respectively.

There are no Level 1 investment properties during the financial years ended 31 March 2022 and 31 March 2021. There was no transfer between Level 2 and Level 3 during the financial years ended 31 March 2022 and 31 March 2021.

7. INTANGIBLE ASSETS

	Goodwill RM'000	Trademark RM'000	Total RM'000
Group			
Cost			
2022			
At 1 April 2021	1,250	–	1,250
Addition	–	13	13
At 31 March 2022	1,250	13	1,263
Accumulated impairment losses			
At 1 April 2021/31 March 2022	(1,250)	–	(1,250)
Carrying amount			
At 31 March 2022	–	13	13
At 31 March 2021	–	–	–

The trademark relates to "La Prima" brand name with logo for the Group. As disclosed in Note 3.8, the useful lives of the brand is estimated to be indefinite.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At beginning of the financial year	104,031	88,492
Additions during the financial year	6,204	15,539
Capital repayment	(12,500)	–
At end of the financial year	97,735	104,031
Equity contribution in respect of ESOS	67	795
	67	795
Less: Accumulated impairment losses		
At beginning of the financial year	(41,838)	(40,842)
Impairment losses during the financial year (Note 27)	(813)	(996)
Reversal of impairment losses (Note 27)	312	–
At end of the financial year	(42,339)	(41,838)
	55,463	62,988

During the financial year, an impairment loss of RM813,000 (2021: RM996,000) is provided for in the cost of investment in subsidiaries as the carrying amount of the cost of investment in the subsidiaries are higher than their recoverable amounts.

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%) 2022	2021
Subsidiaries of the Company				
La Prima Medtech Sdn. Bhd.	Malaysia	Research and development, manufacturing, import and export of medical and healthcare product	100	100
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Keza Sdn. Bhd.*	Malaysia	Investment holding	100	100
Mega Labels & Stickers Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Mega Label (Malaysia) Sdn. Bhd. #	Malaysia	Printing and sale of labels and stickers	100	100
Thirty Three Trading Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%) 2022	2021
Subsidiaries of the Company (Cont'd)				
PCCS Garments Ltd.^	Cambodia	Temporarily ceased operations	100	100
JIT Textiles Ltd.**	Cambodia	Temporarily ceased operations	100	100
Beauty Apparels (Cambodia) Ltd.^	Cambodia	Temporarily ceased operations	100	100
Perfect Seamless Garments (Cambodia) Ltd.**	Cambodia	Manufacturing of seamless bond and silk screen products	100	51
PCCS Garments (Suzhou) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	100	100
PCCS (Hong Kong) Ltd.*	Hong Kong	Provision of agency and handling services and manufacturing and trading of garments	100	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	100	100
La Prima Medicare Pte. Ltd.*	Singapore	Wholesale of medical, professional, scientific and precision equipment	70	100
Southern Auto Capital Sdn. Bhd.	Malaysia	Financial leasing activities	80	–
Subsidiary of Mega Label (Malaysia) Sdn. Bhd.				
Mega Label (Penang) Sdn. Bhd. #	Malaysia	Printing and sale of labels and stickers	51	51
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Ltd.^	Cambodia	Temporarily ceased operations	100	100
Subsidiary of Thirty Three Trading Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%) 2022	2021
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Ltd. **	Cambodia	Manufacturing of embroidery, sublimation and silk screen products	100	100
Subsidiary of PCCS Garments (Suzhou) Ltd.				
PCCS Garments (Shandong) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	51	51
Subsidiary of PCCS (Hong Kong) Ltd.				
Ample Apparels Ltd.*	Hong Kong	Temporarily ceased operations	60	60
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd.*	The People's Republic of China	Trading of brand apparels and provide design service	100	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.*	Cambodia	Trading of labels and stickers	100	100
Subsidiaries of Keza Sdn. Bhd.				
Keza (Cambodia) Ltd.^	Cambodia	Temporarily ceased operations	100	100
Wan He Da Manufacturing Company Ltd.**	Cambodia	Provision of garment manufacturing and services	100	100
Subsidiary of Wan He Da Manufacturing Company Ltd.				
Thirty Three Apparels (Cambodia) Co., Ltd.**	Cambodia	Provision of garment manufacturing and services	100	–

* Audited by auditors other than Baker Tilly Monteiro Heng PLT
** Audited by an independent member firm of Baker Tilly International
^ Consolidated using management account as no audited financial statements is available
# The subsidiaries have been reclassified as disposal group classified as held for sale. (Note17).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

2022

(a) On 22 April 2021, the Company incorporated a 80% owned subsidiary, namely Southern Auto Capital Sdn. Bhd. (**"SAC"**), with an issued and paid up capital of 4,000,000 ordinary shares of RM1 each. The principal activity of SAC is leasing, hire purchase and insurance business for all kinds of motor vehicles and machineries.

(b) On 5 May 2021, the Company further subscribed for additional 999,999 ordinary shares of La Prima Medicare Pte. Ltd. (**"LPMPL"**) for a total consideration of RM3,148,707.

The Company subsequently disposed of 300,000 ordinary shares, representing 30% of the total issued share capital of LPMPL for a total cash consideration of RM3.

The Company's shareholding in LPMPL reduced from 1,000,000 ordinary share to 700,000 ordinary shares which represent 70% of the total issued share capital of LPMPL.

Effect of the decrease in the Company's ownership interest is as follows:

	2022 RM'000
Fair value of consideration received	–*
Decrease in share of net assets	(931)
Decrease in the equity attributable to the owners of the Company	(931)

* represents the fair value of consideration transferred of RM3.

(c) On 24 September 2021, the Company reduced 12,500,000 ordinary shares in Mega Label (Malaysia) Sdn. Bhd. (**"MEGAM"**) by way of share capital reduction in MEGAM pursuant to Section 290(1)(a) and 297(1) of the Companies Act 2016.

(d) On 13 September 2021, a wholly owned subsidiary of the Company, namely Wan He Da Manufacturing Company Ltd. (**"WHD"**), incorporated a wholly owned subsidiary, namely Thirty Three Apparels (Cambodia) Co., Ltd. (**"TTAC"**) with an issued and paid-up capital of 1,000 ordinary shares of USD500 (equivalent to RM2,105) each. The principal activity of TTAC is in the provision of garment manufacturing and services under sub-contracted arrangements.

2021

(e) On 26 June 2020, the Company incorporated a wholly owned subsidiary in Singapore, namely La Prima Medicare Pte. Ltd. ("LA") with an issued and paid-up capital of 1 ordinary share of SGD1 (equivalent to RM3) each. The principal activity of LA is research and development, manufacturing, import and export of medical and healthcare product.

(f) On 30 June 2020, the Company further subscribed for additional 6,000,000 ordinary shares of Mega Label (Malaysia) Sdn. Bhd. for a total consideration of RM6,000,000.

(g) On 14 October 2020, a wholly owned subsidiary of the Company, namely Mega Label (Malaysia) Sdn. Bhd. (**"MEGAM"**), incorporated a 51% owned subsidiary, namely Mega Label (Penang) Sdn. Bhd. ("MEGAP"), with an issued and paid-up capital of 1,000,000 ordinary shares of RM1 each. The intended principal activity of MEGAP is printing and sale of labels and stickers.

On 15 December 2020, MEGAM further subscribed for additional 510,000 ordinary shares of MEGAP, for a total consideration of RM510,000.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(h) Acquisition of additional interest in Perfect Seamless Garment Limited

On 23 December 2020, the Company acquired an additional 5,000,000 ordinary shares representing remaining 49% equity interest in Perfect Seamless Garment Limited, for a total cash consideration of RM1,224,000. The Company's effective ownership in Perfect Seamless Garment Limited increased from 51% to 100% as a result of the additional shares purchased.

Effect of the increase in the Company's ownership interest is as follows:

	2021 RM'000
Fair value of consideration transferred	1,224
Increase in share of net assets	(1,551)
Increase in the equity attributable to the owners of the Company	(327)

On 31 March 2021, the Company further subscribed for additional 197 ordinary shares of PSG, for a total consideration of RM815,000.

(i) On 30 March 2021, the Company further subscribed for additional 6,150,000 ordinary shares of Keza Sdn. Bhd. for a total consideration of RM6,150,000.

(j) On 30 March 2021, the Company further subscribed for additional 1,350,000 ordinary shares of Thirty Three Trading Sdn. Bhd. for a total consideration of RM1,350,000.

(k) **Non-controlling interests ("NCI") in subsidiaries**

The financial information of the Group's and the Company's subsidiaries that have material NCI are as follows:

Equity interest held by NCI:

Name of company	**Country of incorporation**	**Equity interest 2022 %**	**Equity interest 2021 %**
PCCS Garments (Shandong) Ltd.	China	49	49
Ample Apparels Ltd.	Hong Kong	40	40
Mega Label (Penang) Sdn. Bhd.	Malaysia	49	49
La Prima Medicare Pte. Ltd.	Singapore	30	–
Southern Auto Capital Sdn. Bhd.	Malaysia	20	–

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(k) Non-controlling interests ("NCI") in subsidiaries (Cont'd)

Carrying amount of material NCI :

	Continuing Operations				Discontinued operations	
	PCCS Garments (Shandong) Ltd. RM'000	Ample Apparels Ltd. RM'000	La Prima Medtech Pte. Ltd. RM'000	Southern Auto Capital Sdn. Bhd. RM'000	Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
2022						
NCI percentage of ownership interest and voting interest	49%	40%	30%	20%	49%	
Carrying amount of NCI	3,218	–	886	1,014	218	5,336
(Loss)/Profit allocated to NCI	(2,539)	–	(32)	13	(490)	(3,048)

	Continuing Operations		Discontinued operations	
	PCCS Garments (Shandong) Ltd. RM'000	Ample Apparels Ltd. RM'000	Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
2021				
NCI percentage of ownership interest and voting interest	49%	40%	49%	
Carrying amount of NCI	5,561	–	707	6,268
Loss allocated to NCI	(1,752)	(3)	(273)	(2,028)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(l) Summarised financial information of material NCI

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material NCI are as follows:

	Continuing Operations				Discontinued operations	
	PCCS Garments (Shandong) Ltd. RM'000	Ample Apparels Ltd. RM'000	La Prima Medtech Pte. Ltd. RM'000	Southern Auto Capital Sdn. Bhd. RM'000	Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
Summarised statements of financial position As at 31 March 2022						
Non-current assets	28,505	–	13	8,125	1,097	37,740
Current assets	8,882	–	3,140	1,535	663	14,220
Non-current liabilities	–	–	–	(7)	(120)	(127)
Current liabilities	(32,067)	–	(192)	(4,588)	(1,196)	(38,043)
	5,320	–	2,961	5,065	444	13,790
Summarised statements of comprehensive income Financial year ended 31 March 2022						
Revenue	18,522	–	–	825	1,314	20,661
(Loss)/Profit for the financial year representing total comprehensive (loss)/income	(5,182)	1	(108)	65	(999)	(6,223)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(I) Summarised financial information of material NCI (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material NCI are as follows: (Cont'd)

	Continuing Operations				Discontinued operations	
	PCCS Garments (Shandong) Ltd. RM'000	Ample Apparels Ltd. RM'000	La Prima Medtech Pte. Ltd. RM'000	Southern Auto Capital Sdn. Bhd. RM'000	Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
Summarised cash flow information						
Financial year ended 31 March 2022						
Net cash flows used in operating activities	(5,510)	(2,598)	(134)	(4,468)	(790)	(13,500)
Net cash flows used in investing activities	(687)	1	(13)	(151)	(148)	(998)
Net cash flows from/ (used in) financing activities	5,850	3,636	3,136	4,990	461	18,073
Net (decrease)/increase in Cash and cash equivalent	(347)	1,039	2,989	371	(477)	3,575
Dividends paid to NCI	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(I) Summarised financial information of material NCI (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material NCI are as follows: (Cont'd)

	← Continuing Operations	→	Discontinued operations	
	PCCS Garments (Shandong) Ltd. RM'000	Ample Apparels Ltd. RM'000	Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
Summarised statements of financial position				
As at 31 March 2021				
Non-current assets	29,132	–	1,188	30,320
Current assets	3,938	556	688	5,182
Non-current liabilities	–	–	(101)	(101)
Current liabilities	(22,969)	(557)	(332)	(23,858)
	10,101	(1)	1,443	11,543
Summarised statements of comprehensive income				
Financial year ended 31 March 2021				
Revenue	18,022	–	4	18,026
Loss for the financial year representing total comprehensive loss	(3,571)	(7)	(557)	(4,135)
Summarised cash flow information				
Financial year ended 31 March 2021				
Net cash flows used in operating activities	(2,394)	–	(340)	(2,734)
Net cash flows used in investing activities	(3,052)	–	(972)	(4,024)
Net cash flows from financing activities	2,341	–	960	3,301
Net decrease in cash and cash equivalent	(3,105)	–	(352)	(3,457)
Dividends paid to NCI	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. LEASE RECEIVABLES

	Group 2022 RM'000	2021 RM'000
Gross lease receivables		
- not later than 1 year	2,833	–
- later than 1 year but not later than 5 years	10,012	–
- later than 5 years	1,355	–
	11,367	–
	14,200	–
Less: Unearned lease interest income	(4,833)	–
Net lease receivables	9,367	–
Less: Allowance for impairment losses	(241)	–
	9,126	–

Receivables are as follows:

	Group 2022 RM'000	2021 RM'000
Current:		
- not later than 1 year	1,151	–
Non-current:		
- later than 1 year but not later than 5 years	6,721	–
- later than 5 years	1,254	–
	7,975	–
	9,126	–

(a) The credit terms of lease receivables of the Group are in accordance with the repayment schedules as contained in the lease agreements.

(b) The effective interest rates of the leases range from 16.97% to 18.16% per annum.

(c) The Group's lease receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of lease receivables are as follows:

	Group 2022 RM'000	2021 RM'000
At the beginning of the financial year	–	–
Charge for the financial year		
- Individually assessed	241	–
At the end of the financial year	241	–

The information about the credit exposures are disclosed in Note 34(b)(iv).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
At lower of cost and net realisable value		
Raw materials	68,483	44,701
Work-in-progress	12,479	8,595
Finished goods	14,259	14,902
	95,221	68,198

Recognised in profit or loss:

	Group	
	2022 RM'000	2021 RM'000
Inventories recognised as cost of sales	362,468	246,577
Inventories written down/(back)	13	(305)

The inventories written down are in respect of stock obsolescence.

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current:					
Non-trade					
Deposit		172	170	–	–
Current:					
Trade					
External parties		58,519	58,145	–	–
Less: Impairment losses		(102)	(257)	–	–
	(a)	58,417	57,888	–	–
Non-trade					
Amounts owing by subsidiaries	(b)	–	–	50,470	36,305
Other receivables		2,474	3,122	–	–
Deposits		619	761	2	2
		3,093	3,883	50,472	36,307
Less: Impairment losses	(a)	(585)	(577)	(23,816)	(19,210)
		2,508	3,306	26,656	17,097
Total trade and other receivables (current)		60,925	61,194	26,656	17,097
Total trade and other receivables (non-current and current)		61,097	61,364	26,656	17,097

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

The receivables are non-interest bearing and normal credit terms offered by the Group ranging from 15 to 120 days (2021: 15 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

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

Trade receivables

	Group	
	2022 RM'000	2021 RM'000
At beginning of the financial year	257	1,289
Charge for financial year		
- Individually assessed	–	394
Reclassified as disposal group classified as held for sale	(157)	–
Written off	–	(1,377)
Exchange difference	2	(49)
At end of the financial year	102	257

Other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of the financial year	577	599	19,210	19,176
Charge for financial year				
- Individually assessed	–	–	5,375	229
Reversal of impairment loss	–	–	(769)	(195)
Exchange difference	8	(22)	–	–
At end of the financial year	585	577	23,816	19,210

The information about the credit exposures are disclosed in Note 34(b)(iv).

(b) Amounts owing by subsidiaries represent advances which are unsecured, interest free and repayable on demand and are expected to be settled in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. CONTRACT ASSETS

	2022 RM'000	2021 RM'000
Group		
Contract assets relating to cut, make and trim ("CMT") contracts	1,965	1,848

Significant changes in contract balances

	2022 Contract assets increased/(decreased) RM'000	2021 Contract assets increased/(decreased) RM'000
Group		
Increase due to revenue recognised for unbilled goods	1,951	1,857
Transfers from contract assets recognised at the beginning of the period to receivables	(1,848)	(3,229)
Translation difference	14	(9)

13. OTHER CURRENT ASSETS

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current				
Prepayments	2,687	2,630	39	40
Value added tax recoverable	2,164	2,382	–	–
Less: Impairment losses	(397)	(397)	–	–
	1,767	1,985	–	–
Advances to suppliers	272	1,620	–	–
	4,726	6,235	39	40

14. TAX ASSETS

This is in respect of tax recoverable from the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. SHORT-TERM FUNDS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets at fair value through profit or loss ("FVPL")				
At fair value:				
Short-term cash investments				
- Money market funds	19,215	12,945	13,230	6,588

Short-term funds are funds invested in money market which is managed by investment bank and is redeemable at any point in time.

It is an integral part of the Group's and the Company's capital management as disclosed in Note 37.

16. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Continuing operations				
Cash and bank balances	26,307	34,411	6,245	3,258
Deposits placed with licensed banks	8,768	3,285	5,812	2,025
Cash and cash equivalents as reported in the statements of financial position	35,075	37,696	12,057	5,283
Less: Bank overdrafts (Note 20)	(3,300)	–	–	–
	31,775	37,696	12,057	5,283
Discontinued operations (Note 17)				
Cash and bank balances	8,974	–	–	–
Cash and cash equivalents as reported in the statements of cash flows	40,749	37,696	12,057	5,283

The deposits placed with licensed banks bear interests at rates ranging from 0.05% to 0.29% (2021: 0.13% to 1.35%) and mature within 3 months.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Assets/(liabilities) of disposal group classified as held for sale

On 21 December 2021, the Company entered into a conditional share sale agreement with Chan Capital Sdn. Bhd. ("CCSB") for disposal of its entire equity in Mega Label (Malaysia) Sdn. Bhd. ("MEGAM"), together with Mega Label (Penang) Sdn. Bhd., a 51% owned subsidiary of MEGAM, to CCSB for a total cash consideration of RM8,500,000.

Assets of a disposal group classified as held for sale

	2022 RM'000
Property, plant and equipment (Note 5)	45,797
Deferred tax assets (Note 21)	1,533
Inventories	3,717
Trade and other receivables	11,702
Other current assets	899
Tax assets	2,691
Deposits, cash and bank balances (Note 16)	8,974
	75,313

Liabilities of a disposal group classified as held for sale

	2022 RM'000
Bankers' acceptances	7,825
Term loan	39,631
Lease liabilities	5,304
Loan and borrowings	52,760
Trade and other payables	7,809
	60,569

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(b) Discontinued operations

As disclosed in Note (a) above, the comparative statements of comprehensive income have been re-presented to show the discontinued operations separately from continuing operations.

(i) Analysis of the result of discontinued operation and the result recognised on the disposal groups are as follows:

	2022 RM'000	2021 RM'000
Revenue	56,789	54,602
Cost of sales	(49,210)	(45,460)
Gross profit	7,579	9,142
Other income	972	734
Administrative expenses	(11,160)	(9,383)
Net impairment losses on financial assets	–	(142)
Selling and marketing expenses	(1,423)	(1,724)
Other expenses	(446)	–
Loss from operations	(4,478)	(1,373)
Finance costs	(1,768)	(1,602)
Loss before tax of discontinued operations	(6,246)	(2,975)
Tax credit	936	50
Loss for the financial year from dicontinued operations, net of tax	(5,310)	(2,925)

(ii) The following items have been charged in arriving loss before tax:

	2022 RM'000	2021 RM'000
Auditor's remuneration	38	34
Depreciation of property, plant and equipment	5,221	4,936
Directors' remuneration	570	367
Employee benefits expense:		
- Salaries, wages and bonus	11,177	9,953
- Defined contribution plan	1,116	932
- Other staff related expenses	750	796
Expenses relating to short-term lease	–	2
Expenses relating to lease of low value assets	4	3
Impairment losses on trade and other receivables	–	142
Inventories written (back)/down	(316)	610
Unrealised loss on foreign exchange	58	62

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

(b) Discontinued operations (Cont'd)

(iii) Cash flows generated from/(used in) discontinued operations:

	2022 RM'000	2021 RM'000
Net cash from operating activities	5,524	8,638
Net cash used in investing activities	(1,841)	(8,947)
Net cash (used in)/from financing activities	(2,194)	1,498
	1,489	1,189

18. SHARE CAPITAL

	Company			
	Number of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM'000	2021 RM'000
Issued and fully paid (no par value):				
At beginning of the financial year	212,056	210,403	84,709	83,830
Issued pursuant to ESOS	2,914	1,653	1,561	879
At end of the financial year	214,970	212,056	86,270	84,709

The holders of ordinary shares are entitled to receive dividends as and when 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.

During the financial year, the Company issued 2,914,000 (2021: 1,653,000) new ordinary shares pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") amounting to RM1,561,000 (2021: RM879,000) at the exercise price as disclosed in Note 19.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. OTHER RESERVES

(a) Warrant reserve

The warrants are issued at no cost to the entitled shareholders who subscribed for the rights shares. The exercise price of the warrants is RM0.60, and the warrants are constituted by the Deed Poll.

Salient terms of the warrants are as follows:

(i) Each warrant carries the entitlement to subscribe for 1 new share at any time on or after 26 December 2017 to 25 December 2022, at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).

(ii) The warrants may be exercised at any time within 5 years commencing on and including thedate of issuance of the warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

(iii) The expiry date of the warrants is the day falling 5 years from and including the date of issue ofthe warrants, and if such date is not a market day, then on the preceding market day.

(iv) For the purpose of trading on Bursa Securities, 1 board lot of warrants shall comprise 100 warrants carrying the rights to subscribe for 100 new shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.

(v) The new shares issued pursuant to the exercise of the warrants are not entitled to any dividends, rights, allotments and/or distributions. The warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the warrant holders become shareholders of the Company by exercising their warrants into new shares.

(vi) The Deed Poll and accordingly the warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

The warrants are quoted on the Main Market of Bursa Securities on 3 January 2018. The movements in the Company's number of shares under warrants during the financial year are as follows:

	2018/2022 Number of warrants of RM0.60 each			
	1.4.2021 '000	**Issued '000**	**Exercise '000**	**31.3.2022 '000**
Number of unissued shares under warrants	90,018	–	–	90,018

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. OTHER RESERVES (CONT'D)

(b) Foreign exchange reserve

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

(c) Legal reserve fund

This represents a general reserve provided for in respect of subsidiaries incorporated in Cambodia and The People's Republic of China.

Under the Company Statute of subsidiaries in Cambodia, 5% of the net profit after tax in each financial year must be credited to this reserve, until it reaches 10% of the paid up capital.

In The People's Republic of China, a portion of the profit must be credited to this reserve, until the amount of reserve funds equals to 50% of the registered capital of the subsidiaries.

(d) Share option reserve

The share option reserve comprises the cumulative value of services received from directors and employees for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share options are granted to eligible directors and employees. The options granted are vested immediately and settlement is by issuance of fully paid ordinary shares. The exercise price in each grant is set 10% below the weighted average of the market prices of the Company's ordinary shares in the last five trading days before the grant date. The contractual term of each option granted is two years. There are no cash settlement alternatives. The options carry neither rights to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

The details of the options over ordinary shares of the Company are as follows:

Option price	Balance as at 1.4.2021	Granted	Exercised	Lapsed	Balance as at 31.3.2022	Exercisable as at 31.3.2022
RM0.37	5,247,300	–	(2,774,400)	(2,472,900)	–	–
RM0.46	–	2,060,600	(140,000)	–	1,920,600	1,920,600
	5,247,300	2,060,600	(2,914,400)	(2,472,900)	1,920,600	1,920,600

Option price	Balance as at 1.4.2020	Granted	Exercised	Balance as at 31.3.2021	Exercisable as at 31.3.2021
RM0.37	6,900,300	–	(1,653,000)	5,247,300	5,247,300

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. OTHER RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

The options outstanding at 31 March 2022 have exercise price of RM0.46 (2021: RM0.37) and the weighted average remaining contractual life for the share options outstanding as at 31 March 2022 was 1.25 years (2021: 0.79 years).

The fair value of the share options granted were determined using a binomial option pricing model, and the inputs were:

	2022	2021
Fair value of share options and assumptions		
Weighted average fair value of share option at grant date (RM)	RM0.1669	RM0.1613
Weighted average share price (RM)	0.46	0.42
Option life (years)	2	2
Risk-free rate (%)	1.97	3.02
Expected dividends (%)	None	None
Expected volatility (%)	51.96	59.79

The expected volatility reflected the assumption that the historical volatility was an indicative of future trends, which may also not necessarily be the actual outcome.

20. LOANS AND BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Secured:				
Lease liabilities (Note 20(c))	937	3,390	–	6
Term loans	–	21,864	–	–
Unsecured:				
Lease liabilities (Note 20(c))	8,255	1,739	–	–
	9,192	26,993	–	6
Current				
Secured:				
Bill financing	13,033	5,725	–	–
Trust receipts	7,808	2,523	–	–
Lease liabilities (Note 20(c))	421	1,678	6	54
Term loans	–	3,492	–	–
Unsecured:				
Bank overdrafts (Note 16)	3,300	–	–	–
Revolving credits	17,775	17,602	–	–
Bankers' acceptances	–	5,999	–	–
Lease liabilities (Note 20(c))	1,309	1,672	–	–
Trust receipts	6,600	5,639	–	–
	50,246	44,330	6	54

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. LOANS AND BORROWINGS (CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total loans and borrowings				
Revolving credits	17,775	17,602	–	–
Bankers' acceptances	–	5,999	–	–
Bank overdraft	3,300	–	–	–
Bills financing	13,033	5,725	–	–
Trust receipts	14,408	8,162	–	–
Term loans	–	25,356	–	–
Lease liabilities (Note 20(c))	10,922	8,479	6	60
	59,438	71,323	6	60

(a) The secured and unsecured loans and borrowings of certain subsidiaries of the Group are guaranteed by the Company and with negative pledges over certain assets of the Group as disclosed in Notes 5(b).

Lease liabilities are secured by charges over certain plant and machinery and motor vehicles as disclosed in Note 5(c).

(b) The interest rates of the loans and borrowings at the reporting date are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Revolving credits	3.75% - 4.20%	4.35% - 4.79%	–	–
Bankers' acceptances	1.99% - 2.96%	1.99% - 4.79%	–	–
Bank overdraft	3.85%	–	–	–
Bills financing	3.40%	2.70%	–	–
Trust receipts	3.55% - 4.20%	2.50% - 4.79%	–	–
Term loans	–	4.70% - 6.00%	–	–
Lease liabilities	2.45% - 8.00%	2.32% - 8.00%	2.45%	2.45%

(c) Lease liabilities

Future minimum lease payments together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum lease payments				
Not later than 1 year	2,495	3,781	6	56
Later than 1 year and not later than 5 years	5,247	5,662	–	6
Later than 5 years	22,438	–	–	–
	30,180	9,443	6	62
Less: Future finance charges	(19,258)	(964)	–	(2)
Present value of minimum lease payments	10,922	8,479	6	60

20. LOANS AND BORROWINGS (CONT'D)

(c) Lease liabilities (Cont'd)

Future minimum lease payments together with the present value of the net minimum lease payments are as follows: (Cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Present value of minimum lease payments				
Not later than 1 year	1,730	3,350	6	54
Later than 1 year and not later than 5 years	3,019	5,129	–	6
Later than 5 years	6,173	–	–	–
	10,922	8,479	6	60
Less: Amounts due within 12 months	(1,730)	(3,350)	–	(54)
Amounts due after 12 months	9,192	5,129	6	6

21. DEFERRED TAX ASSETS

	Group	
	2022 RM'000	2021 RM'000
Deferred tax assets		
At beginning of the financial year	561	232
Recognised in profit or loss (Note 29)	1,255	327
Reclassified as disposal group classified as held for sale (Note 17)	(1,533)	–
Exchange differences	–	2
At end of the financial year	283	561

(a) Presented after appropriate off-setting as follows:

	Group	
	2022 RM'000	2021 RM'000
Deferred tax assets	1,566	3,495
Deferred tax liabilities	(1,283)	(2,934)
	283	561

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. DEFERRED TAX ASSETS (CONT'D)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group	
	2022 RM'000	2021 RM'000
Deferred tax assets		
Unutilised tax losses	283	122
Unabsorbed reinvestment allowances	–	1,697
Unabsorbed capital allowances	1,265	1,675
Others	18	257
	1,566	3,751
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and their tax base	(1,283)	(3,190)
	283	561

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

(c) The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	6,468	5,062	150	150
Unabsorbed capital allowances	640	522	–	–
	7,108	5,584	150	150
Potential deferred tax assets not not recognised at 24%	1,706	1,340	36	36

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. DEFERRED TAX ASSETS (CONT'D)

(c) The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows: (Cont'd)

The unutilised tax losses in Malaysia are available for offset against future taxable profits of the Group which will expire in the following financial years:

	Group 2022 RM'000
Malaysia	
2028	4,489
2029	296
2030	–
2031	277
2032	1,406
	6,468

22. TRADE AND OTHER PAYABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade					
Third parties	(a)	49,333	42,452	–	–
Non-trade					
Amounts owing to subsidiaries	(b)	–	–	476	476
Other payables		30,881	29,928	4,390	4,661
Amounts owing to directors	(c)	3,192	358	–	–
Accruals		14,854	13,056	663	566
Deposits		3,564	158	3,400	–
		52,491	43,500	8,929	5,703
Total trade and other payables		101,824	85,952	8,929	5,703

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2021: 30 to 90 days).

(b) The amounts owing to subsidiaries are non-trade in nature, interest free and repayable on demand in cash and cash equivalents.

(c) The amounts owing to directorsare non-trade in nature, interest free and repayable on demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Revenue from contract customers:				
Continuing operation				
At a point in time:				
- Sales of goods	415,042	327,061	–	–
- Others	415	–	–	–
	415,457	327,061	–	–
Discontinued operation (Note 17)				
At a point in time:				
- Sales of goods	56,789	54,602	–	–
	472,246	381,663	–	–
Revenue from other source:				
- Lease interest income	381	–	–	–
- Others	36	–	–	–
- Dividend income	–	–	21,598	3,919
	472,663	381,663	21,598	3,919

24. COST OF SALES

Cost of sales represent cost of inventories sold and other costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Continuing operation				
Dividend income from short-term funds	103	43	35	22
Fair value gain on short-term funds	117	14	68	–
Gain on foreign exchange				
- realised	547	–	405	–
- unrealised	889	–	–	–
Gain on disposal of property, plant and equipment	–	–	–*	6
Government grant	678	248	–	–
Interest income	119	261	41	80
Rental income	955	660	–	–
Sales of materials	4,865	26	–	–
Others	1,258	111	–	–
	9,531	1,363	549	108
Discontinued operation (Note 17)				
Gain on foreign exchange				
- realised	173	70	–	–
Gain on disposal of property, plant and equipment	49	123	–	–
Gain on lease modification	–**	–	–	–
Interest income	50	37	–	–
Rental income	700	504	–	–
	972	734	–	–
	10,503	2,097	549	108

* represents gain on disposal of property, plant and equipment of RM400.
** represents gain on lease modification of RM231.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Continuing operation				
Interest expense on:				
- loans and borrowings	1,109	1,762	–	–
- lease liabilities	512	212	2	5
- others	–	6	–	–
	1,621	1,980	2	5
Discontinued operation (Note 17)				
Interest expense on:				
- loans and borrowings	1,446	1,301	–	–
- lease liabilities	322	301	–	–
	1,768	1,602	–	–
	3,389	3,582	2	5

27. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Note	Group		Company	
	Note	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Continuing operation					
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		121	103	96	87
- under provision in prior year		6	-	6	1
- non-statutory audit		5	5	5	5
- component auditors of the Group					
- statutory audit					
- current year		249	253	–	–
- under provision in prior year		–	9	–	–
- non-statutory audit		6	56	–	–
Bad debts written off		12	324	–	–
Depreciation and amortisation:					
- property, plant and equipment	5	7,647	7,884	87	85
- investment properties	6	847	253	–	–
Employee benefits expense	28	99,393	82,924	1,604	1,264
Expenses relating to:					
- short-term leases		303	71	–	–
- low value assets		262	381	–	–
Inventories written down/(back)		13	(915)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. PROFIT BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax: (Cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000 (Restated)	Company 2022 RM'000	Company 2021 RM'000
Continuing operation (Cont'd)					
Loss on disposal of property, plant and equipment		307	198	–	–
Net impairment losses/ (reversal of impairment losses) on:					
- lease receivables		241	–	–	–
- trade and other receivables		–	252	–	–
- investment in subsidiaries	8	–	–	501	996
- property, plant and equipment	5	1,227	406	–	–
- amounts owing by subsidiaries		–	–	4,606	34
Property, plant and equipment written off	5	5	46	–	–
Realised loss on foreign exchange		–	347	–	–
Unrealised loss on foreign exchange		–	3,026	6	513

28. EMPLOYEE BENEFITS EXPENSE

	Group 2022 RM'000	Group 2021 RM'000 (Restated)	Company 2022 RM'000	Company 2021 RM'000
Continuing operations				
Salaries, wages and bonus	91,869	76,493	1,217	1,154
Defined contribution plan	3,126	1,909	81	85
Other staff related expenses	4,053	4,522	29	25
Share-based payments	345	–	277	–
	99,393	82,924	1,604	1,264

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in employee benefits expenses are:

	Group 2022 RM'000	Group 2021 RM'000 (Restated)	Company 2022 RM'000	Company 2021 RM'000
Continuing operations				
Executive directors:				
- fees	222	154	222	150
- other emoluments	2,126	3,538	–	–
- share-based payments	105	–	105	–
	2,453	3,692	327	150
Non-executive directors:				
- fees	326	307	324	307
- other emoluments	1,953	642	18	9
- share-based payments	178	–	120	–
	2,457	949	462	316
	4,910	4,641	789	466
Discontinued operations				
Executive directors:				
- other emoluments	570	367	–	–
Total directors' remuneration	5,480	5,008	789	466

29. TAX EXPENSE/(CREDIT)

	Group 2022 RM'000	Group 2021 RM'000 (Restated)	Company 2022 RM'000	Company 2021 RM'000
Continuing operations				
Current income tax:				
Current income tax charge				
- Malaysian income tax	1,464	59	16	14
- Foreign income tax	885	2,197	–	–
- (Over)/Under provision in prior financial years	(588)	118	(3)	1
	1,761	2,374	13	15
Deferred tax (Note 21):				
Origination of temporary differences	(161)	(99)	–	–
Over provision in prior financial years	–	(48)	–	–
	(161)	(147)	–	–
Tax expense from continuing operations	1,600	2,227	13	15

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. TAX EXPENSE/(CREDIT) (CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Discontinued operations (Note 17)				
Current income tax:				
Current income tax charge				
- Malaysian income tax	180	130	–	–
- Over provision in prior financial years	(22)	–	–	–
	158	130	–	–
Deferred tax (Note 21):				
Origination of temporary differences	60	174	–	–
Over provision in prior financial years	(1,154)	(354)	–	–
	(1,094)	(180)	–	–
Tax credit from discontinued operations	(936)	(50)	–	–
Total tax expense recognised in profit or loss	664	2,177	13	15

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Profit before tax from continuing operations	6,762	6,300	13,347	601
Loss before tax from discontinued operations	(6,246)	(2,975)	–	–
	516	3,325	13,347	601
Tax at Malaysian statutory income tax rate of 24%	124	798	3,203	144
Effect of different tax rates in other countries	(551)	(803)	–	–
Income not subject to tax	(7,853)	(2,607)	(5,297)	(942)
Expenses not deductible for tax purposes	10,342	4,923	2,110	812
Utilisation of previously unrecognised deferred tax assets	–	(1)	–	–
Deferred tax assets not recognised during the financial year	366	151	–	–
(Over)/Under provision in prior financial years				
- income tax	(610)	118	(3)	1
- deferred tax	(1,154)	(402)	–	–
Tax expense	664	2,177	13	15

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. EARNINGS/(LOSS)PER SHARE

(a) Basic earnings/(loss) per share amounts are based on profit/(loss)for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2022 RM'000	**2021 RM'000 (Restated)**
Profit/(Loss) attributable to the owners of the Company		
- Continuing operations	7,720	5,828
- Discontinued operations	(4,820)	(2,652)
	2,900	3,176
Weighted average number of ordinary shares for basic earnings/(loss) per share	214,105	211,638
Basic earnings/(loss) per share (sen)		
- Continuing operations	3.60	2.75
- Discontinued operations	(2.25)	(1.25)
	1.35	1.50

(b) Diluted earnings/(loss) per share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	2022 RM'000	**2021 RM'000 (Restated)**
Profit/(Loss) attributable to the owners of the Company		
- Continuing operations	7,720	5,828
- Discontinued operations	(4,820)	(2,652)
	2,900	3,176
Weighted average number of ordinary shares for basic earnings/(loss) per share	214,105	211,638
Effect of dilution from ESOS	2	418
Weighted average number of ordinary shares for diluted earnings/(loss) per share	214,107	212,056
Diluted earnings/(loss) per ordinary share (sen)		
- Continuing operations	3.60	2.75
- Discontinued operations	(2.25)	(1.25)
	1.35	1.50

The potential conversion of warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. DIVIDEND

	Company 2022 RM'000
Single-tier interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 March 2022, paid on 1 November 2021	2,142

32. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2022 RM'000	2021 RM'000
In respect of capital expenditure approved but not contracted for:		
- Property, plant and equipment	406	1,083

33. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group and the Company include:
(i) Subsidiaries;
(ii) Entities in which certain directors have substantial financial interests; and
(iii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

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

	Company	
	2022 RM'000	2021 RM'000
Transactions with subsidiaries are as follows:		
Dividend received from:		
- Beauty Electronic Embriodery Centre Sdn. Bhd.	–	350
- Mega Label (Malaysia) Sdn. Bhd.	18,228	–
- PCCS (Hong Kong) Ltd.	3,370	3,569
Sales of plant and equipment:		
- Mega Label (Malaysia) Sdn. Bhd.	–	27

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

Compensation of key management personnel which includes directors' remuneration as disclosed in Note 28 are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Short-term employees benefits	5,132	4,862	564	466
Post-employment benefit	65	146	–	–
Share-based payments	283	–	225	–
	5,480	5,008	789	466

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM'000	AC RM'000	FVPL RM'000
At 31 March 2022			
Financial assets			
Group			
Lease receivables	9,126	9,126	–
Trade and other receivables	60,925	60,925	–
Short-term funds	19,215	–	19,215
Deposits, cash and bank balances	35,075	35,075	–
	124,341	105,126	19,215
Company			
Trade and other receivables	26,656	26,656	–
Short-term funds	13,230	–	13,230
Deposits, cash and bank balances	12,057	12,057	–
	51,943	38,713	13,230

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

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

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

	Carrying amount RM'000	AC RM'000	FVPL RM'000
At 31 March 2022			
Financial liabilities			
Group			
Trade and other payables	101,824	101,824	–
Loans and borrowings	59,438	59,438	–
	161,262	161,262	–
Company			
Trade and other payables	8,929	8,929	–
Loans and borrowings	6	6	–
	8,935	8,935	–
At 31 March 2021			
Financial assets			
Group			
Trade and other receivables	61,194	61,194	–
Short-term funds	12,945	–	12,945
Deposits, cash and bank balances	37,696	37,696	–
	111,835	98,890	12,945
Company			
Trade and other receivables	17,097	17,097	–
Short-term funds	6,588	–	6,588
Deposits, cash and bank balances	5,283	5,283	–
	28,968	22,380	6,588
Financial liabilities			
Group			
Trade and other payables	85,952	85,952	–
Loans and borrowings	71,323	71,323	–
	157,275	157,275	–
Company			
Trade and other payables	5,703	5,703	–
Loans and borrowings	60	60	–
	5,763	5,763	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in deposits with licensed banks.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

<u>Sensitivity analysis</u>

As at the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM37,000 (2021: RM48,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities when revenue or expense is denominated in a foreign currency other than the functional currency of the operations to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Foreign exchange risk (Cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Singapore Dollars RM'000	Cambodian Riel RM'000	United States Dollar RM'000	Total RM'000
Functional Currency of the Group				
At 31 March 2022				
Ringgit Malaysia	112	–	13,723	13,835
Chinese Renminbi	–	–	900	900
United States Dollars	–	363	–	363
Hong Kong Dollars	–	–	(30,384)	(30,384)
	112	363	(15,761)	(15,286)
Functional Currency of the Group				
At 31 March 2021				
Ringgit Malaysia	184	–	6,171	6,355
Chinese Renminbi	–	–	4,371	4,371
United States Dollars	–	147	-	147
Singapore Dollars	–	–	36	36
Hong Kong Dollars	–	–	(9,209)	(9,209)
	184	147	1,369	1,700

	United States Dollars RM'000
Functional Currency of the Company	
At 31 March 2022	
Ringgit Malaysia	11,574
At 31 March 2021	
Ringgit Malaysia	4,522

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Foreign exchange risk (Cont'd)

Sensitivity analysis

The following table illustrates the hypothetical sensitivity of the Group's profit before tax to a reasonably possible change in the USD, SGD,and KHR exchange rate at the reporting date against the functional currency of the Group entities, with all other variables held constant.

		Effect on profit before tax for the financial year			
		Group		Company	
	Change in rate	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
USD/RM	+ 5%	686	309	579	226
	- 5%	(686)	(309)	(579)	(226)
USD/RMB	+ 5%	45	219	–	–
	- 5%	(45)	(219)	–	–
USD/HKD	+ 5%	(1,519)	(460)	–	–
	- 5%	1,519	460	–	–
SGD/RM	+ 5%	6	9	–	–
	- 5%	(6)	(9)	–	–
KHR/USD	+ 5%	18	7	–	–
	- 5%	(18)	(7)	–	–

(iii) Liquidity risk

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

Group	Carrying amount RM'000	On demand within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
2022					
Financial liabilities:					
Trade and other payables	101,824	101,824	–	–	101,824
Loans and borrowings	59,438	51,070	5,246	22,439	78,755
	161,262	152,894	5,246	22,439	180,579
2021					
Financial liabilities:					
Trade and other payables	85,952	85,952	–	–	85,952
Loans and borrowings	71,323	44,762	18,131	9,395	72,288
	157,275	130,714	18,131	9,395	158,240

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Liquidity risk (Cont'd)

Company	Carrying amount RM'000	On demand within 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
2022				
Financial liabilities:				
Trade and other payables	8,929	8,929	–	8,929
Loans and borrowings	6	6	–	6
Financial guarantee contract	–	80,670	–	80,670
	8,935	89,605	–	89,605
2021				
Financial liabilities:				
Trade and other payables	5,703	5,703	–	5,703
Loans and borrowings	60	56	6	62
Financial guarantee contract	–	68,578	–	68,578
	5,763	74,337	6	74,343

(iv) Credit risk

The Group's and the Company's credit risk is primarily attributable to trade and other receivables. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant.

The credit risk of the Group's and of the Company's other financial assets, which comprise deposit, cash and bank balances arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Trade receivables and contract assets

<u>Exposure to credit risk</u>
At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- An amount of RM80,670,000 (2021:RM68,578,000) relating to a corporate guarantee provided by the Company to bank for subsidiaries' loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

Trade receivable and contract assets (Cont'd)

Credit risk concentration profile
At the reporting date, the Group has significant concentration of credit risk that may arise from exposure two (2021: two) customers who accounted for 77% (2021: 61%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with these customers and the Group works closely with its customers to provide customer satisfaction through timely delivery and theprovision of highquality products and services at competitive cost.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided.

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's trade receivables using the provision matrix are as follows:

	Gross carrying amount at default RM'000
Group	
At 31 March 2022	
Contract assets	1,965
Trade receivables	
Current	29,698
1-30 days past due	15,502
31-60 days past due	12,264
61-90 days past due	424
91-120 days past due	411
>120 days past due	118
	58,417
Impaired - individually	102
	58,519
	60,484

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

Trade receivable and contract assets (Cont'd)

The information about the credit risk exposure on the Group's trade receivables using the provision matrix are as follows: (Cont'd)

	Gross carrying amount at default RM'000
Group	
At 31 March 2021	
Contract assets	1,848
Trade receivables	
Current	53,388
1-30 days past due	3,602
31-60 days past due	760
61-90 days past due	71
91-120 days past due	66
>120 days past due	1
	57,888
Impaired - individually	257
	58,145
	59,993

Receivables that are impaired
The Group's trade receivables that are impaired at the reporting date are disclosed in Note 11(a).

Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances and short-term funds), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.14(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Lease receivables

The credit risk associated with lease receivables is mitigated by way of obtaining security over the leased equipment. At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amounts recognised in the statements of financial position.

The following table provides information about the expected credit losses for lease receivables as at the end of the reporting period:

	Contractually Undue RM'000	Due RM'000	Gross carrying amount RM'000	Impaired individually RM'000	Net carrying amount RM'000
Group					
31 March 2022					
Not pass due	7,318	–	7,318	–	7,318
Past due:					
- 1 to 90 days	1,963	55	2,018	(210)	1,808
- more than 90 days	31	–*	31	(31)	–
	1,994	55	2,049	(241)	1,808
	9,312	55	9,367	(241)	9,126

* represents RM329.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM80,670,000 (2021: RM68,578,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 34(b)(iii). As at reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

(c) Fair value measurement

The carrying amounts of deposit, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amount of long-term and short-term floating rate borrowings approximates their fair values as the borrowings will be re-priced top market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
31 March 2022					
Financial assets					
Short-term funds	19,215	19,215	–	–	19,215
31 March 2021					
Financial assets					
Short-term funds	12,945	12,945	–	–	12,945
Company					
31 March 2022					
Financial assets					
Short-term funds	13,230	13,230	–	–	13,230
31 March 2021					
Financial assets					
Short-term funds	6,588	6,588	–	–	6,588

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION

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

(i)	Apparel	–	manufacturing and marketing of apparels, manufacturing of seamless bonding embroidering of logos and emblems, printing and marketing of silk screen printing products.
(ii)	Labeland packaging	–	printing of labels and stickers.
(iii)	Others	–	investment holding, provision for management services and finance lease.

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 operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs)and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal ordinary course of business and have been established on negotiated and mutually agreed basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

31 March 2022	Apparel RM'000	Label and packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Revenue:						
External sales	410,000	61,831	832	–		472,663
Inter-segment sales	85,148	5,458	21,598	(112,204)	(a)	–
Total revenue	495,148	67,289	22,430	(112,204)		472,663
Results:						
Bad debts written off	11	–	1	–		12
Depreciation and amortisation:						
- property, plant and equipment	7,470	5,323	176	(101)		12,868
- investment properties	251	582	12	2		847
Expenses relating to:						
- short term leases	279	–	24	–		303
- low value assets	260	4	2	–		266
Finance costs	1,603	1,768	56	(38)		3,389
Interest income	(114)	(50)	(5)	–		(169)
Inventories written (back)/down	26	(329)	–	–		(303)
Loss on disposal of property,plant and equipment	(463)	212	(1)	510		258
Impairment losses on financial assets	–	–	241	–		241
Impairment losses on property, plant and equipment	–	1,227	–	–		1,227
Property, plant and equipment written off	5	–	–	–		5
Rental income	641	1,021	120	(127)		1,655
Segment profit/(loss)	8,430	(4,688)	11,919	(15,145)	(b)	516
Tax (expense)/credit	(1,658)	911	(78)	161		(664)
Profit/(loss) for the financial year	6,772	(3,777)	11,841	(14,984)		(148)
Assets:						
Additions to non-current assets	16,780	2,889	893	(3,442)	(c)	17,120
Segment assets	318,143	96,074	139,382	(159,012)	(d)	394,587
Segment liabilities	241,878	95,560	25,691	(137,847)	(e)	225,282

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

31 March 2021	Apparel RM'000	Label and packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Revenue:						
External sales	322,539	59,124	–	–		381,663
Inter-segment sales	72,482	4,147	4,656	(81,285)	(a)	-
Total revenue	395,021	63,271	4,656	(81,285)		381,663
Results:						
Bad debts written off	–	324	–	–		324
Depreciation and amortisation:						
- property, plant and equipment	6,907	5,868	91	(46)		12,820
- investment properties	239	–	12	2		253
Expenses relating to:						
- short term leases	45	28	–	–		73
- low value assets	384	–	–	–		384
Finance costs	2,021	1,608	4	(51)		3,582
Interest income	(83)	(37)	(178)	–		(298)
Inventories written (back)/down	87	(392)	–	–		(305)
Loss on disposal of property,plant and equipment	153	(186)	(5)	166		128
Net impairment losses on financial assets	252	142	–	–		394
Impairment losses on property, plant and equipment	–	406	–	–		406
Property, plant and equipment written off	5	41	–	–		46
Rental income	(605)	(505)	(126)	72		(1,164)
Segment profit/(loss)	11,679	(5,331)	812	(3,835)	(b)	3,325
Tax expense	(2,085)	(134)	(57)	99		(2,177)
Profit/(loss) for the financial year	9,594	(5,465)	755	(3,736)		1,148
Assets:						
Additions to non-current assets	7,836	11,572	45	(1,187)	(c)	18,266
Segment assets	255,709	94,553	111,582	(138,135)	(d)	323,709
Segment liabilities	187,837	59,234	16,581	(106,377)	(e)	157,275

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

(a) Reconciliation of reportable revenue to the corresponding amounts of the Group are as follow:

	Group 2022 RM'000	Group 2021 RM'000
Total revenue for reportable segments	472,663	381,663
Discontinued operations (Note 17)	(56,789)	(54,602)
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	415,874	327,061

(b) The following items are added to/(deducted from) segment profit/(loss) to arrive at profit before tax presented in the statements of comprehensive income.

	2022 RM'000	2021 RM'000
Impairment loss on investment in subsidiaries	813	996
Reversal of allowance for impairment of investment in subsidiaries	(312)	(347)
Profit from inter-segment sales	(15,646)	(4,484)
	(15,145)	(3,835)

(c) Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment	17,120	18,266

(d) Inter-segment assets are deducted from segment assets to arrive at total assets reported in the statements of financial position.

(e) Inter-segment liabilities are deducted from segment assets to arrive at total liabilities reported in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

Geographical Information

(i) The following table provides an analysis of the Group's revenue and non-current assets other than deferred tax assets by geographical segment:

	Revenue		Non-current assets	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Continuing operations				
Malaysia	832	–	9,735	49,026
Cambodia	22,972	20,363	36,389	31,205
The People's Republic of China	195,329	138,790	54,245	53,590
Hong Kong	196,741	167,908	331	134
Singapore	–	–	13	–
	415,874	327,061	100,713	133,955
Discontinued operations				
Malaysia	56,789	54,602	45,797	–
	472,663	381,663	146,510	133,955

(ii) Non-current assets information (other than deferred tax assets) presented above consist of the following items as presented in the statements of financial position:

	2022 RM'000	**2021 RM'000**
Continuing operations		
Property, plant and equipment	75,722	123,985
Investment properties	16,831	9,800
Intangible assets	13	–
Lease receivables	7,975	–
Other assets	172	170
	100,713	133,955
Discontinued operations		
Property, plant and equipment	45,797	–
Total non-current assets	146,510	133,955

Information about major customers

Revenue from four (2022: four) major customers amounted to RM367,212,000 (2021: RM245,155,000), arising from sales by the apparel segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 22 April 2021, the Company incorporated a 80% owned subsidiary, namely Southern Auto Capital Sdn. Bhd. ("SAC"), with an issued and paid up capital of 4,000,000 ordinary shares of RM1 each. The intended principal activity of SAC is leasing, hire purchase and insurance business for all kinds of motor vehicles and machineries.

(b) On 21 December 2021, the Company entered into a conditional share sale agreement ("SSA") with Chan Capital Sdn. Bhd. (CCSB") for disposal of entire equity interest held by the Company in Mega Label (Malaysia) Sdn. Bhd. ("MEGAM"), a wholly-owned subsidiary of the Company, together with Mega Label (Penang) Sdn. Bhd. ('MEGAP"), a 51%-owned subsidiary of MEGAM, to CCSB for a total cash consideration of RM8,500,000.

On 21 June 2022, the Company announced that all conditions precedent as set out in Clause 3.1 of the SSA have been satisfied and/or waived as at 21 June 2022. On 23 June 2022, the SSA is deemed completed, marking the completion of the disposal.

(c) On 20 June 2022, the Company announced that the Company has offered 1,285,000 options under ESOS to the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) to subscribe for new ordinary shares in the Company.

(d) **COVID-19 pandemic**

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

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2022.

Given the fluid situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2023 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2022 and 31 March 2021.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less deposits, cash and bank balances and short-term fund whereas total capital comprises the equity attributable to equity holders of the Group and the Company.

Other than those disclosed in Note 19(c), the Group and the Company are not subject to any externally imposed capital requirements.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Continuing operation				
Loans and borrowings	59,438	71,323	6	60
Trade and other payables	101,824	85,952	8,929	5,703
Short-term funds	(19,215)	(12,945)	(13,230)	(6,588)
Deposits, cash and bank balances	(35,075)	(37,696)	(12,057)	(5,283)
Net debts from continuing operations	106,972	106,634	(16,352)	(6,108)
Discontinued operations				
Loans and borrowings	52,760	–	–	–
Trade and other payables	7,809	–	–	–
Deposits, cash and bank balances	(8,974)	–	–	–
Net debts from discontinued operations	51,595	–	–	–
Net debts	158,567	106,634	(16,352)	(6,108)
Equity attributable to the owners of the Company	163,969	160,166	98,751	86,523
Capital and net debt	322,536	266,800	82,399	80,415
Gearing ratio	49%	40%	*	*

* Not meaningful as the Company is in net cash position.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **CHAN CHOO SING** and **CHAN CHOW TEK**, being two of the directors of **PCCS Group Berhad**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 110 to 202 are drawn up in accordance with the 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 March 2022 and of their financial performance and cash flows for the financial year then ended.

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

CHAN CHOO SING
Director

CHAN CHOW TEK
Director

Date: 22 July 2022

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **CHAN CHOO SING**, being the director primarily responsible for the financial management of **PCCS Group Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 110 to 202 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.

CHAN CHOO SING

Subscribed and solemnly declared by the abovenamed at Batu Pahat in the State of Johor Darul Ta'zim on 22 July 2022.

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PCCS GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PCCS Group Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 202.

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

Group

Inventories (Notes 4(a) and10 to the financial statements)

The Group has significant inventories amounting to RM95,221,000 as at 31 March 2022. The accounting policy of the inventories of the Group is to state inventories at lower of cost and net realisable value. The review of saleability and valuation of inventories at the lower of cost and net realisable value are an area of significant judgement and estimate. The Group write down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group analyses expected sales trend when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

We focused on the inventories due to significance of the value of inventories as part of the total assets.

Our response:

Our audit procedures included, among others:
- observing year end physical inventory count to examine the physical existence and condition of the inventories;
- reviewing the significant component auditor's working papers on the valuation of the inventories;
- checking samples of subsequent sales and understanding the Group's assessment on estimated net realisable values on selected inventory items; and
- discussing with the directors whether the inventories have been written down to their net realisable values for inventory items, if any, with net realisable values lower than their costs.

INDEPNDENT AUDITORS' REPORT
TO THE MEMBERS OF PCCS GROUP BERHAD
(CONT'D)

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

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables and lease receivables (Notes 4(b), 9 and 11 to the financial statements)

The Group has significant trade receivables and lease receivables as at 31 March 2022. In making the assumptions about risk of default and expected loss rate of the trade receivables and lease receivables, the directors selected inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of the reporting period. We focused on this area because the directors made significant judgements over assumptions in this areas

Our response:

Our audit procedures included, among others:
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, discussing with management and understanding their explanation on recoverability of selected receivables with significantly past due balances; and
- discussing with management the reasonableness and calculation of impairment loss as at the end of the reporting period.

Company

We have determined that there are no key audit matters to be communicated in our report which arise from the audit of the financial statements of the Company.

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.

INDEPNDENT AUDITORS' REPORT
TO THE MEMBERS OF PCCS GROUP BERHAD
(CONT'D)

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPNDENT AUDITORS' REPORT
TO THE MEMBERS OF PCCS GROUP BERHAD
(CONT'D)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Zu Wei
No. 03545/12/2022 J
Chartered Accountant

Kuala Lumpur

Date: 22 July 2022

GROUP PROPERTIES
AS AT 31 MARCH 2022

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
La Prima Medtech Sdn. Bhd.							
1.	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	29	652	04/04/1994*
Keza Sdn. Bhd.							
2.	No. 11A, Jalan 3, Taman Perindustrian Sinaran, 86000 Kluang, Johor, Malaysia.	Factory Building	Freehold	2,002 (2,000)	23	99	04/09/2007
PCCS Garments (Suzhou) Ltd.							
3.	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze ,Wu Jiang City, Jiang Su Province, China.	Office and Factory Building	Leasehold expiring 3/11/2052	162,497 (128,325)	20	9,264	28/08/2008
		1 Block of Dormitory	Leasehold expiring 27/7/2058	23,509 (28,710)	14	1,618	21/08/2008
4.	Room 203,205 & 206, 2nd Floor, Shanghai Western Business District C-2, No.31, Lot 1555, Jing Sha Jiang Xi Road, Jia Ding Area, Shanghai, China 201803	3 units Office Lot cum 3 units car park	Leasehold expiring 13/9/2056	10,570 (9,462)	9	7,121	30/4/2013
5.	Room 3, 28th Floor, 1st Block, Time Square, Yan Jiang Road No. 159, Jiang An Area, Wuhan City, Hubei Province, China.	1 unit Office Lot	Leasehold expiring 01/03/2053	1,939 (1,939)	18	2,090	09/09/2010
Mega Labels & Stickers (Cambodia) Co., Ltd.							
6.	P2-067, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	2 Blocks of 2 Storey Office and Factory Building	Leasehold expiring 22/7/2062	61,785 (42,614)	10	4,613	23/07/2012
7.	P2-068, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	Factory Building	Leasehold expiring 12/9/2062	56,145 (25,663)	7	2,256	12/09/2012

GROUP PROPERTIES
AS AT 31 MARCH 2022
(CONT'D)

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
PCCS Garments (Shandong) Limited							
8.	ShanDong Province, Shan County YuanYi Street, Lao DingDang Road Off TianYuan Primary School 274300 China.	3 Blocks of 1 Storey Production Floor; 1 Block of 2 Storey Multimedia Room; 1 Block of 1 Storey Staff Canteen 2 Blocks of 1 Storey Warehouses 1 Block of 3 Storey Administrative Office 2 Blocks of 2 Storey Warehouses and 2 Blocks of 3 Storey Hostel	Leasehold Expiring 16/12/2068	496,076 (252,629)	11	22,249	03/09/2019
Wan He Da Manufacturing Company Limited							
9.	National Road No. 4, Phum Ang, Sangkat Chaom Chau, Khan Pou Senchey, Phnom Penh City, Kingdom of Cambodia.	1 Block of 2 Storey Factory Building; 2 Blocks of 4 Storey Factory and Office Building	Leasehold Expiring 31/12/2075	222,425 (225,217)	14	10,051	10/09/2019
Mega Label (Malaysia) Sdn. Bhd.							
10.	No. 4, Jalan Palam 34/18A, Seksyen 34, 40470 Shah Alam, Selangor Darul Ehsan. Malaysia.	2 Storey Office cum 1 Storey Factory	Freehold	22,593 (14,936)	11	3,791	28/12/2010
11.	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office and Factory Building	Freehold	185,130# (88,000)	24	7,468	12/12/1997 26/10/2018*
12.	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Hostel Building	Freehold	74,104 (148,844)	19	3,214	31/03/2004 26/10/2018*
	# Including 74,104 sq ft for Hostel - Item 12						

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2022

Total Issued Share Capital	:	214,970,407 shares (including 2,430,900 Treasury Shares)
Class of Shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%^	No. of Shares	%^
1 – 99	297	9.76	13,878	0.01
100 – 1,000	330	10.84	208,886	0.10
1,001 – 10,000	1,538	50.53	6,979,258	3.28
10,001 – 100,000	767	25.20	25,523,497	12.01
100,001 and 10,626,974 (*)	109	3.58	79,733,360	37.51
10,626,975 and above (**)	3	0.10	100,080,628	47.09
TOTAL	**3,044**	**100.00**	**212,539,507 ^**	**100.00**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings
^ Excluding 2,430,900 Treasury Shares

LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Register of Substantial Shareholders of the Company are as follows:

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %^	Indirect Interest No. of Shares	Indirect Interest %^
CCS Capital Sdn. Bhd.	92,347,928	43.45	–	–
Chan Choo Sing	8,376,102	3.94	93,970,028 (1)	44.21
Tan Kwee Kee	1,622,100	0.76	100,724,030 (2)	47.39
Chan Wee Kiang	2,211,964	1.04	92,347,928 (3)	43.45
Federlite Holdings Sdn. Bhd.	17,832,700	8.39	–	–
Soh Chak Boo	702,500	0.33	17,832,700 (4)	8.39
Mok Puay Kang	300,000	0.14	17,832,700 (4)	8.39

Notes:

^ Calculated based on the total number of issued shares of 212,539,507 ordinary shares excluding Treasury Shares of 2,430,900 ordinary shares

(1) Deemed interested by virtue of his spouse, Madam Tan Kwee Kee's shareholding in the Company and his direct interest of 40% in the equity of CCS Capital Sdn. Bhd.

(2) Deemed interested by virtue of her spouse, Mr. Chan Choo Sing's shareholding in the Company and her direct interest of 20% in the equity of CCS Capital Sdn. Bhd.

(3) Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.

(4) Deemed interested by virtue of the shares held by him/her in Federlite Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2022
(CONT'D)

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of PCCS based on the Register of Directors' Shareholdings of the Company are as follows:

Directors	Direct Interest No. of Shares	Direct Interest %^	Indirect Interest No. of Shares	Indirect Interest %^
Chan Choo Sing	8,376,102	3.94	93,970,028 [1]	44.21
Chan Wee Kiang	2,211,964	1.04	92,347,928 [2]	43.45
Chan Wee Boon	100,000	0.05	–	–
Chan Chow Tek	10,476,142	4.93	–	–
Dato' Chan Chor Ngiak	4,847,960	2.28	4,665 [3]	negligible
Chan Chor Ang	4,407,969	2.07	100,000 [4]	0.05
Julian Lim Wee Liang	50,000	0.02	–	–
Piong Yew Peng	50,000	0.02	–	–
Joyce Wong Ai May	–	–	–	–

Notes:

^ Calculated based on the total number of issued shares of 212,539,507 ordinary shares excluding Treasury Shares of 2,430,900 ordinary shares

(1) Deemed interested by virtue of his spouse, Madam Tan Kwee Kee's shareholding in the Company and his direct interest of 40% in the equity of CCS Capital Sdn. Bhd.

(2) Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.

(3) Deemed interested by virtue of his spouse, Datin Mok Gwa Nang's shareholding in the Company.

(4) Deemed interested by virtue of his spouse, Madam Chia Lee Kean's shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2022
(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	%^
1.	CCS Capital Sdn. Bhd.	53,647,928	25.24
2.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for CCS Capital Sdn. Bhd.	28,600,000	13.46
3.	Federlite Holdings Sdn. Bhd.	17,832,700	8.39
4.	Chan Chow Tek	10,476,142	4.93
5.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for CCS Capital Sdn. Bhd.	10,100,000	4.75
6.	Chan Choo Sing	8,376,102	3.94
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for See Kok Wah	6,041,100	2.84
8.	Dato' Chan Chor Ngiak	4,777,026	2.25
9.	Chan Chor Ang	4,407,969	2.07
10.	Chan Wee Kiang	2,211,964	1.04
11.	Ching Gek Lee	1,900,000	0.89
12.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kwee Kee	1,622,100	0.76
13.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Foo Kong	1,462,900	0.69
14.	Low Hing Noi	1,300,000	0.61
15.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim King Hua	1,200,000	0.56
16.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Kuok Chyuan	1,000,000	0.47
17.	Lim Poh Teot	886,866	0.42
18.	Gek Lee Enterprise Sdn. Bhd.	875,000	0.41
19.	Ban Hock Seng Sdn. Bhd.	780,000	0.37
20.	Soh Chak Boo	702,500	0.33
21.	Syarikat Rimba Timur (RT) Sdn. Bhd.	700,000	0.33
22.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ooi Chin Hock	663,350	0.31
23.	Lee Thong Heng	623,000	0.29
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Kah Chun	607,900	0.29
25.	Siow Kok Chian	574,300	0.27
26.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Goo @ Law Yeow Ching	560,000	0.26
27.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng You Choon	539,300	0.25
28.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd.	526,100	0.25
29.	Ng Swee Eng	500,000	0.24
30.	Ravi A/L Doraisamy	500,000	0.24
		163,994,247	77.16

Note:

^ Calculated based on the total number of issued shares of 212,539,507 ordinary shares excluding Treasury Shares of 2,430,900 ordinary shares

ANALYSIS OF WARRANTHOLDINGS
AS AT 30 JUNE 2022

Description	:	Warrants
Total Outstanding Warrants	:	90,017,957 Warrants
Maturity Date	:	25 December 2022

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	66	7.16	3,085	0.00
100 – 1,000	48	5.21	22,892	0.03
1,001 – 10,000	306	33.19	1,769,214	1.97
10,001 – 100,000	346	37.53	13,544,634	15.05
100,001 – 4,500,896 (*)	155	16.81	69,970,230	77.73
4,500,897 and above (**)	1	0.11	4,707,902	5.23
TOTAL	**922**	**100.00**	**90,017,957**	**100.00**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

LIST OF DIRECTORS' WARRANTHOLDINGS

The Directors' Warrantholdings of PCCS based on the Register of Directors' holdings of the Company are as follows:

Directors	Direct Interest No. of Warrants	%	Indirect Interest No. of Warrants	%
Chan Choo Sing	–	–	4,707,902 [(1)]	5.23
Chan Wee Kiang	–	–	4,707,902 [(2)]	5.23
Chan Wee Boon	–	–	–	–
Chan Chow Tek	–	–	–	–
Dato' Chan Chor Ngiak	30,400	0.03	1,999 [(3)]	negligible
Chan Chor Ang	–	–	–	–
Julian Lim Wee Liang	–	–	–	–
Piong Yew Peng	–	–	–	–
Joyce Wong Ai May	–	–	–	–

Notes:

(1) Deemed interested by virtue of his direct interest of 40% in the equity of CCS Capital Sdn. Bhd.
(2) Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.
(3) Deemed interested by virtue of his spouse, Datin Mok Gwa Nang's warrantholding in the Company.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2022
(CONT'D)

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Warrantholders	Number of Warrants	%
1.	CCS Capital Sdn. Bhd.	4,707,902	5.23
2.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Kok Choy	2,900,000	3.22
3.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Colin Soh Cheng Hoe	2,676,900	2.97
4.	Ong Eng Khoon	2,250,000	2.50
5.	Tee Lin Say	2,101,500	2.33
6.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Kok Choy	2,000,000	2.22
7.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Chew Yeng	1,700,000	1.89
8.	Colin Soh Cheng Hoe	1,656,500	1.84
9.	Tang Mun Phun	1,500,000	1.67
10.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Phang Chung Ming	1,300,000	1.44
11.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Karamjit Kaur A/P Pall Singh	1,269,100	1.41
12.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Hai Pong @ Chen Hai Peng	1,200,000	1.33
13.	Chua Lee Guan	1,100,000	1.22
14.	Adlina Ho Binti Abdullah	1,045,100	1.16
15.	Bao, Shenglu	1,011,000	1.12
16.	Chew Guat Looi	1,000,000	1.11
17.	Elvin Siew Chun Wai	1,000,000	1.11
18.	Lee Hung Cheng	1,000,000	1.11
19.	Ravi A/L Doraisamy	1,000,000	1.11
20.	Yap Ai Ten	915,500	1.02
21.	Ong Poh Gaik	900,000	1.00
22.	Ravi A/L Doraisamy	900,000	1.00
23.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Jen Tong	867,800	0.96
24.	Ting Meng Pheng	850,000	0.94
25.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yik Heng	829,900	0.92
26.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Paul Ian Brown Kenyon	750,000	0.83
27.	Ching Gek Lee	750,000	0.83
28.	Lim Ren En	720,700	0.80
29.	Lan Chunlian	687,900	0.76
30.	Elvin Siew Chun Wai	648,000	0.72
		41,237,802	45.81

PCCS GROUP BERHAD
[Registration No. 199301026191 (280929-K)]
(Incorporated in Malaysia)

FORM OF PROXY

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

*I/We, ____
(Full Name as per NRIC/Certificate of Incorporation in Capital Letters)

______________________________ Company No./NRIC No. ______________________________ of

____
(Full Address)

being a *Member/Members of PCCS GROUP BERHAD, do hereby appoint ______________________________

______________________________ NRIC No. ______________________________
(Full Name as per NRIC in Capital Letters)

of ____
(Full Address)

or failing *him/her, ______________________________ NRIC No. ______________________________
(Full Name as per NRIC in Capital Letters)

of ____
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Eighth ("**28th**") Annual General Meeting of the Company to be held at PCCS Group Berhad's Corporate Office, Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim on Monday, 29 August 2022 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolutions		For	Against
1.	To re-elect Mr. Chan Choo Sing as Director *(Clause 117)*	*(Resolution 1)*		
2.	To re-elect Mr. Chan Chow Tek as Director *(Clause 117)*	*(Resolution 2)*		
3.	To re-elect Dato' Chan Chor Ngiak as Director *(Clause 117)*	*(Resolution 3)*		
4.	To approve the payment of Directors' fees for the financial year ended 31 March 2022	*(Resolution 4)*		
5.	To approve the benefits payable to the Independent Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016	*(Resolution 5)*		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration	*(Resolution 6)*		
	As Special Business			
7.	Ordinary Resolution - Retention of Mr. Julian Lim Wee Liang as an Independent Non-Executive Director	*(Resolution 7)*		
8.	Ordinary Resolution - Authority to Issue Shares pursuant to the Companies Act 2016	*(Resolution 8)*		
9.	Ordinary Resolution - Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	*(Resolution 9)*		
10.	Ordinary Resolution - Proposed Renewal of Share Buy-Back Authority	*(Resolution 10)*		

* Strike out whichever not applicable

Signed this............................. day of 2022

....
Signature of Member/Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 August 2022 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the member at the Meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting and upon appointment, a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. Where a member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.
7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

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Affix
Stamp

PCCS Group Berhad [199301026191 (280929-K)]
Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

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PCCS GROUP BERHAD
Reg. No. 199301026191 (280929-K)
(Incorporated In Malaysia)

Lot 1376, GM 127,
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