



PCCS GROUP BERHAD

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

Passion
Care
Commitment
Sustainability



ANNUAL REPORT 2022

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth (“28th”) Annual General Meeting of the Company will 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. for the following purposes:-

AGENDA

As Ordinary Business

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and the Auditors thereon. | Please refer to Explanatory Note B1 |
| 2. To re-elect the following Directors who retire pursuant to Clause 117 of the Company’s Constitution, and being eligible, have offered themselves for re-election:-

(a) Mr. Chan Choo Sing
(b) Mr. Chan Chow Tek
(c) Dato’ Chan Chor Ngiak | Resolution 1
Resolution 2
Resolution 3 |
| 3. To approve the payment of Directors’ fees amounting to RM546,000/- for the financial year ended 31 March 2022. | Resolution 4 |
| 4. To approve the benefits payable to the Independent Non-Executive Directors up to RM30,000/- for the period from 29 August 2022 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016. | Resolution 5 |
| 5. 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

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

- | | |
|---|---------------------|
| 6. ORDINARY RESOLUTION
- RETENTION OF MR. JULIAN LIM WEE LIANG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR | Resolution 7 |
| <hr/> <p>“THAT Mr. Julian Lim Wee Liang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”</p> | |

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. ORDINARY RESOLUTION

- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

Resolution 8

"THAT pursuant to the Companies Act 2016 and the Constitution of the Company and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities Berhad pursuant to the extension of the implementation period of the increased general mandate announced by Bursa Malaysia Securities Berhad on 23 December 2021 and thereafter ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. ORDINARY RESOLUTION

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Resolution 9

"THAT subject to the Companies Act 2016, the Constitution of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") as set out in the Company's Circular to Shareholders dated 29 July 2022 with the related parties mentioned therein subject further to the following:-

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016]; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Resolution."

9. ORDINARY RESOLUTION

- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Resolution 10

"THAT subject to the provisions of the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other relevant authority, approval be and is hereby given for the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad, upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company ("**Share Buy-Back Mandate**"), provided that:-

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;
- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company's retained profits at the time of purchase(s);

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting, whichever is the earlier;
- (iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Malaysia Securities Berhad and/or cancelled and/or transfer for the purposes of or under an employees' share scheme and/or be dealt with by the Directors of the Company in the manners allowed by the Companies Act 2016;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to implement, finalise and give full effect to the aforesaid with full powers to assent to any condition, modification, variation and/ or amendment, if any, as may be imposed by the relevant authorities and to do all such acts and things as the Directors of the Company may deem fit and expedient in the interests of the Company."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 or the Company's Constitution.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
CHENG CHIA PING (SSM PC NO. 202008000730) (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
29 July 2022

Notes:

(A) Information for Shareholders/Proxies

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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(A) Information for Shareholders/Proxies (Cont'd)

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.

Explanatory Notes to Ordinary and Special Business:-

(B) Audited Financial Statements for the financial year ended 31 March 2022

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(C) Resolution 7 – Retention of Mr. Julian Lim Wee Liang as an Independent Non-Executive Director

1. The Nomination Committee has assessed the independence of Mr. Julian Lim Wee Liang as an Independent Non-Executive Director and recommended to retain him as an Independent Non-Executive Director of the Company. The Board of Directors endorsed the Nomination Committee’s recommendation and is of the view that his retention as an Independent Non-Executive Director of the Company is in the best interest of the Company.

(D) Resolution 8 – Authority to Issue Shares pursuant to the Companies Act 2016

1. The Company intended to renew the authority granted to the Directors of the Company at the Twenty-Seventh Annual General Meeting of the Company held on 22 September 2021 (“**Previous Mandate**”) to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (“**20% General Mandate**”).

As part of Bursa Malaysia Securities Berhad’s continuous support and assistance to listed corporations in these trying and challenging times amid the COVID-19 pandemic, Bursa Malaysia Securities Berhad had vide its letter dated 23 December 2021 resolved to extend the implementation period of the increased 20% General Mandate to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements Bursa Malaysia Securities Berhad of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities until 31 December 2022 and thereafter, the ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of Main Market Listing Requirements Bursa Malaysia Securities Berhad shall apply, provided that such listed issuer has not utilised the 20% General Mandate approved by the shareholders at a general meeting in 2021 to issue new securities on or before 31 December 2021 or has not sought shareholders’ approval for the 20% General Mandate at a general meeting in 2021.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(D) Resolution 8 – Authority to Issue Shares pursuant to the Companies Act 2016 (Cont'd)

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the seeking of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

- the 20% General Mandate would provide the Company and its subsidiaries with financial flexibility to raise capital expeditiously for its operations, future expansion and business development;
- the 20% General Mandate would allow the Company to raise equity capital promptly rather than the more costly and time-consuming process by obtaining shareholders' approval in a general meeting should the need for capital arise;
- other financing alternatives such as debt financing may incur interest burden to the Company and its subsidiaries; and
- the 20% General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities when they are identified.

The Company wishes to obtain the 20% General Mandate. The 20% General Mandate, unless revoked or varied by the Company in a general meeting, would expire at the end of the concession period, i.e. by 31 December 2022. Upon the expiration of the concession period, the 10% limit under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad will be reinstated and until the conclusion of the Twenty-Ninth Annual General Meeting in year 2023.

(E) Resolution 9 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

1. The Proposed Resolution 9 is to renew the Shareholders' Mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Twenty-Seventh Annual General Meeting held on 22 September 2021. The proposed renewal of shareholders' mandate will enable the Company and its subsidiaries to enter into any of the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholder of the Company.

(F) Resolution 10 – Proposed Renewal of Share Buy-Back Authority

1. The Proposed Resolution 10 is to renew the authority granted by the shareholders of the Company at the Twenty-Seventh Annual General Meeting held on 22 September 2021. The Proposed Renewal of Share Buy-Back Authority, if passed, will empower the Board of Directors of the Company to purchase the Company's ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

CORPORATE STRUCTURE

AS AT 29 JULY 2022



CORPORATE INFORMATION

AUDIT COMMITTEE

Piong Yew Peng (Chairman)
Julian Lim Wee Liang
Dato' Chan Chor Ngiak
(resigned w.e.f 23 May 2022)
Joyce Wong Ai May
(appointed w.e.f 23 May 2022)

NOMINATION COMMITTEE

Piong Yew Peng (Chairman)
(redesignated w.e.f 23 May 2022)
Julian Lim Wee Liang
(redesignated w.e.f 23 May 2022)
Dato' Chan Chor Ngiak
Chan Choo Sing
(resigned w.e.f 23 May 2022)

REMUNERATION COMMITTEE

Piong Yew Peng (Chairman)
Julian Lim Wee Liang
Dato' Chan Chor Ngiak

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689)
Cheng Chia Ping
(SSM PC NO. 202008000730)
(MAICSA 1032514)

REGISTERED OFFICE AND CORPORATE OFFICE

Lot 1376, GM 127,
Mukim Simpang Kanan,
Jalan Kluang, 83000 Batu Pahat,
Johor Darul Takzim
Tel No : 07-456 8866
Fax No : 07-456 8860

BOARD OF DIRECTORS

CHAN CHOO SING

Group Executive Chairman

CHAN WEE KIANG

Group Managing Director

CHAN WEE BOON

Executive Director

CHAN CHOW TEK

Non-Independent
Non-Executive Director

DATO' CHAN CHOR NGIAK

Non-Independent
Non-Executive Director

CHAN CHOR ANG

Non-Independent
Non-Executive Director

JULIAN LIM WEE LIANG

Senior Independent
Non-Executive Director

PIONG YEW PENG

Independent
Non-Executive Director

JOYCE WONG AI MAY

Independent
Non-Executive Director

SHARE REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
[197701005827 (36869-T)]
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel No : 03-2084 9000
Fax No : 03-2094 9940 /
03-2095 0292

AUDITORS

Baker Tilly Monteiro Heng PLT
(AF 0117)
Chartered Accountants
Baker Tilly Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur,
Wilayah Persekutuan
Tel No : 03-2297 1000
Fax No : 03-2282 9980

SOLICITORS

Enlil Loo
Advocates & Solicitors
M-2-9 Plaza Damas,
60 Jalan Sri Hartamas 1,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan
Tel No : 03-6203 2381
Fax No : 03-6203 2359

PRINCIPAL BANKER

Malayan Banking Berhad
[196001000142 (3813-K)]

STOCK EXCHANGE LISTING

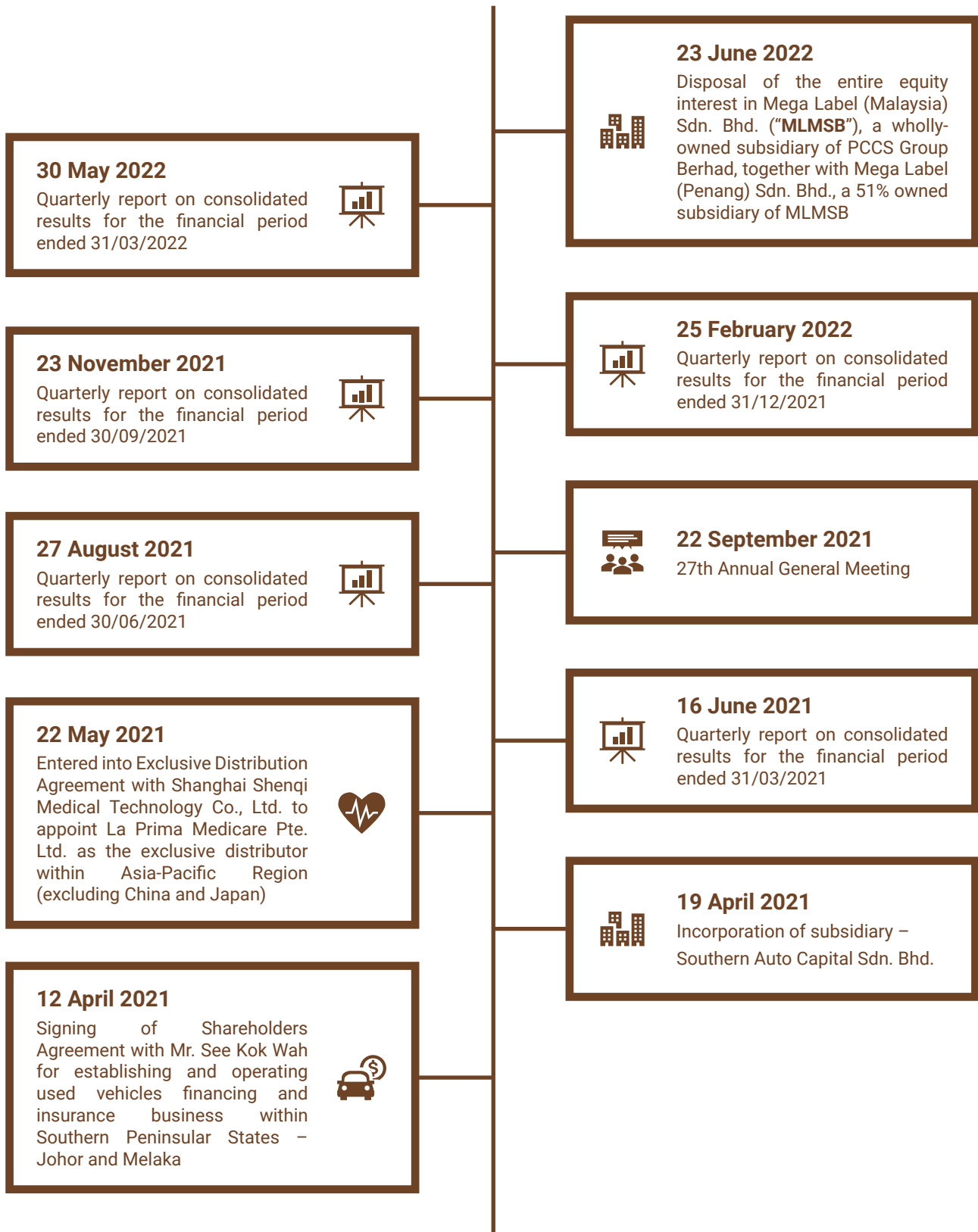
Main Market of Bursa Malaysia
Securities Berhad

CORPORATE WEBSITE

<http://www.pccsgroup.net/>

CORPORATE CALENDER

1 APRIL 2021 TO 29 JULY 2022



PROFILE OF DIRECTORS



CHAN CHOO SING

Group Executive Chairman

Nationality	Malaysian
Gender	Male
Age	68

Mr. Chan was appointed to the Board on 21 June 1995 as Group Managing Director and he was appointed as the Chairman of the Company on 24 August 2004. On 6 June 2014, he was re-designated and served as the Group Managing Director until 2 November 2020. Mr. Chan has served as the Group Executive Chairman of PCCS Group Berhad (“PCCS”) since then.

Mr. Chan completed his Malaysian Certificate of Education (which is equivalent to O-Level). He started his career when he ventured into a garment business known as Chan Trading in 1973. In 1981, he founded Perusahaan Chan Choo Sing Sdn. Bhd. (currently known as La Prima Medtech Sdn. Bhd.) [“PCCSSB”], a company primarily involved in the manufacturing of garments. His entrepreneurial skills and ability to recognise business and expansion opportunities have led to successful business ventures including the forming of a number of companies actively involved in the garment industry. PCCS, the holding company of PCCSSB and its associated companies were successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 16 August 1995 as PCCS.

During the period from 2001 to 2006, Mr. Chan was the Chairman of the Chinese Association in Parit Raja, Batu Pahat. He is the Honorary Member of the Rotary Club of Batu Pahat.

Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. He is the brother of Mr. Chan Chow Tek, Dato’ Chan Chor Ngiak and Mr. Chan Chor Ang, all of them are Directors of PCCS. He is the husband of Madam Tan Kwee Kee (the major shareholder of PCCS) and father of Mr. Chan Wee Kiang (the Director and major shareholder of PCCS) and Mr. Chan Wee Boon (the Director of PCCS). He has indirect interest of 40.0% in the equity of CCS Capital Sdn. Bhd., who is the major shareholder of PCCS.

Mr. Chan currently sits on the board of several private limited companies. He has no directorships in other public company and listed company.

He attended all four (4) Board of Directors’ Meetings of the Company held in the financial year ended 31 March 2022.

PROFILE OF DIRECTORS
(CONT'D)



CHAN WEE BOON

Executive Director

Nationality	Malaysian
Gender	Male
Age	42

Mr. Chan Wee Boon (**Edmund**) was appointed to the Board on 2 November 2020 as an Executive Director.

He holds a Bachelor of Civil Engineering from Monash University, Clayton Campus, Melbourne, Australia.

Edmund started his career in China as a Project Manager in 2004. In year 2010, he joined Mega Labels & Stickers Sdn. Bhd. as General Manager and subsequently being promoted as Group General Manager for Label and Packaging Division in 2014. He was then promoted as the Executive Director of PCCS on 2 November 2020.

shareholder of PCCS) and the brother of Mr. Chan Wee Kiang (the Director and major shareholder of PCCS).

Edmund currently sits on the board of several private limited companies. He has no directorships in other public company and listed company.

He is the son of Mr. Chan Choo Sing (the Director and major shareholder of PCCS) and Madam Tan Kwee Kee (the major

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.



CHAN CHOW TEK

Non-Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Age	65

Mr. Chan was appointed to the Board on 21 June 1995 as an Executive Director. He was then re-designated as Non-Independent Non-Executive Director on 2 November 2020.

He completed his Malaysian Certificate of Education (which is equivalent to O-Level).

Mr. Chan led all the marketing activities in the Group and has more than forty (40) years of experience in textile and apparel marketing and merchandising. He started his career in 1973 in marketing the products of Chan Trading to local departmental stores. In 1981, he successfully made the first export order for Perusahaan Chan Choo Sing Sdn. Bhd. (currently known as La Prima Medtech Sdn. Bhd.) and has since brought the company's export sales to greater success.

fashion industry by frequent overseas trips to identify new and potential markets.

Mr. Chan is the brother of Mr. Chan Choo Sing, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang, all of them are Directors of PCCS and Mr. Chan Choo Sing is the major shareholder of PCCS.

Mr. Chan currently sits on the board of several private limited companies. He has no directorships in other public company and listed company.

He was also responsible for the development and growth of the Group's garment business. His job includes keeping abreast with the latest development in the apparel and

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.

PROFILE OF DIRECTORS (CONT'D)



DATO' CHAN CHOR NGIAK

Non-Independent Non-Executive Director



Nationality	Malaysian
Gender	Male
Age	60

Dato' Chan was appointed to the Board on 21 June 1995 and serves as Non-Independent Non-Executive Director since then. Dato' Chan is a member of Nomination and Remuneration Committee.

Dato' Chan completed his Malaysian Certificate of Education (which is equivalent to O-Level). He started his career in 1980 in marketing the products of Chan

Trading to local department stores. He has continuously established connections with many business executives in the Chamber of Commerce and Associations. He is the Honorary President of the Chinese Chamber of Commerce in Batu Pahat and the Chairman of the Chinese Association in Parit Raja, Batu Pahat.

The Sultan of Pahang on his eighty-first (81st) birthday conferred the "Darjah Indera Mahkota Pahang (D.I.M.P.)" to him that carries the prestigious title of Dato'.

Dato' Chan is the brother of Mr. Chan Choo Sing, Mr. Chan Chow Tek and Mr. Chan Chor Ang, all of them are Directors of PCCS and Mr. Chan Choo Sing is the major shareholder of PCCS.

Dato' Chan currently sits on the board of several private limited companies. He has no directorships in other public company and listed company.

He attended three (3) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.



CHAN CHOR ANG

Non-Independent Non-Executive Director



Nationality	Malaysian
Gender	Male
Age	59

Mr. Chan was appointed to the Board on 21 June 1995 and serves as Non-Independent Non-Executive Director since then.

He completed his Junior Middle Three in Chinese High School. He joined Perusahaan Chan Choo Sing Sdn. Bhd. (currently known as La Prima Medtech Sdn. Bhd.) in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the

Factory Manager in 1985. He has more than thirty (30) years of experience in the textile and garment industry.

Mr. Chan is the brother of Mr. Chan Choo Sing, Mr. Chan Chow Tek and Dato' Chan Chor Ngiak, all of them are Directors of PCCS and Mr. Chan Choo Sing is the major shareholder of PCCS.

Mr. Chan currently sits on the board of several private limited companies. He has no directorships in other public company and listed company.

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.

PROFILE OF DIRECTORS
(CONT'D)



JULIAN LIM WEE LIANG
Senior Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Age	48

Mr. Julian was appointed to the Board on 14 November 2011 as Independent Non-Executive Director and was re-designated as Senior Independent Non-Executive Director on 22 May 2013. On 6 June 2014, he was appointed as Senior Independent Non-Executive Chairman and subsequently re-designated as Senior Independent Non-Executive Director on 2 November 2020. He is also a member of Audit, Nomination and Remuneration Committee.

Mr. Julian completed his Bachelor Degree in University of Sheffield, United Kingdom in July 1996. He is a member of Malaysian Institute of Accountants and also a fellow member of the Association of Chartered Certified Accountants (ACCA). He joined Arthur Andersen & Co as an Audit Assistant in October 1996 and was promoted to Audit Senior in September 1999. He left Arthur Andersen & Co in January 2000 to further his studies. Subsequently, he joined KY Siow & Co. PLT (formerly known as KY Siow & Co.) as Audit Manager in January 2003.

Mr. Julian does not have any family relationship with any Director or major shareholder of the Company. He has no directorships in other public company and listed company.

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.



PIONG YEW PENG
Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Age	52

Mr. Piong was appointed to the Board on 1 April 2015. He also serves as the Chairman of Audit, Nomination and Remuneration Committee.

Mr. Piong holds a Bachelor of Business (Accounting) from RMIT University, Melbourne, Australia. He is a member of Malaysian Institute of Accountants and also a fellow member of the Certified Practising Accountants (CPA) Australia. Mr.

Piong has more than twenty five (25) years of experience in providing audit and accounting services to wide range of clients.

2022 and is also the representative of Malacca Chinese Chamber of Commerce and Industry to Memorial. Presently, he is also the Director of public companies, namely The Pay Fong School Berhad and Premier Pay Fong Foundation. In addition, he has no directorships in other listed company.

Mr. Piong does not have any family relationship with any Director or major shareholder of the Company. He has recently been appointed as the Director of public company, namely Memorial Venture Berhad ("**Memorial**") on 7 January

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.

PROFILE OF DIRECTORS (CONT'D)



JOYCE WONG AI MAY

Independent Non-Executive Director



Nationality	Malaysian
Gender	Female
Age	46

Ms. Joyce was appointed to the Board on 2 November 2020. She is a member of Audit Committee.

Ms. Joyce graduated from the University of Tasmania with a Bachelor of Commerce, majoring in Accounting and Finance. She is a member of the

Malaysian Institute of Accountants and Certified Practising Accountants (CPA) Australia and also the Institute of Internal Auditors Malaysia.

She started her career with Smith Zain Securities Sdn. Bhd. as an Accounts Executive in 1999 and was subsequently promoted as Head of Finance in 2002 under BBMB Securities Sdn. Bhd., Penang Branch (BBMB Securities Sdn. Bhd. took over the business of Smith Zain Securities Sdn Bhd). Ms. Joyce joined Hwang-DBS Securities Berhad in 2004 and then left the company to join an international accounting firm in 2005 and promoted as Director in 2015, before setting up her own consultancy firm where she is the founder and also a Director of JWC Consulting Sdn.

Bhd. She also sits on the Industry Advisory Panel of the School of Business for Disted College, Penang. She is the Members' State Representative for Certified Practising Accountants Australia, a member of the Finance Committee of a non-profit organisation and also an Independent Non-Executive Director and Audit Committee Chairman of Dufu Technology Corp. Berhad.

Ms. Joyce does not have any family relationship with any Director or major shareholder of the Company.

She attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2022.

Note:

- (1) Other than traffic offences, if any, none of the Directors have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2022.
- (2) None of the Directors have any conflict of interest with the Company.

PROFILE OF KEY SENIOR MANAGEMENT



TANG LAI HUAT

Corporate Controller

Nationality	Malaysian
Gender	Male
Age	39

Mr. Tang was appointed as Financial Controller of PCCS Group Berhad (“PCCS”) on 1 September 2016 and subsequently appointed as Corporate Controller on 1 March 2018. Mr. Tang leads and oversees the Corporate Office and finance and accounting functions of the Group. He acts as a strategic partner by developing and implementing the operational policies and strategic plan in the

Group. Currently, he is also leading the Medical and Credit Divisions of PCCS.

Mr. Tang holds Doctorate Degree of Business Administration from Business School Netherlands, an University of Applied Sciences in the Netherlands, Doctorate Degree in Business Administration from International American University, Master of Public Administration from Tsinghua University, China (which was also awarded him the Outstanding Master’s Thesis Award by Tsinghua University, China), EMBA (CEO Class) from Tsinghua University, China, EMBA from City University of Hong Kong, Master of Business Administration from Business School Netherlands, an University of Applied Sciences in the Netherlands and Executive Certificate in Financial Strategies for Cross Border Expansion from Harvard Business School (US) and Peking University (China).

Mr. Tang began his career as an Audit Assistant in LNB Management Consultancy. After that he joined several manufacturing companies and gained extensive experience in manufacturing industry and overall corporate operation.

He was the Financial Controller of LimKokWing University of Creative Technology before he joined the Group in year 2013. He was appointed as the General Manager of Finance & Account in JIT Textiles Limited, one of the subsidiaries of the Company. He was then relocated to the Company’s Corporate Office as Financial Controller in 2016 and was promoted as Corporate Controller since March 2018. Mr. Tang is also a committee member of Chung De Classics Education Association Malaysia.

Mr. Tang currently sits on the board of several private limited companies. He has no directorships in other public company and listed company. He does not have any family relationship with any Director and/or major shareholder of the Company and he does not have any conflict of interest with PCCS.

Other than traffic offences, if any, he does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2022.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)



TAN KWEE KEE

Manufacturing Director



Nationality	Malaysian
Gender	Female
Age	64

Madam Tan was appointed as Manufacturing Director of PCCS on 1 October 2012. She has completed the Primary School Evaluation Test.

Prior to the establishment of PCCS, Madam Tan started her career in Chan Trading in 1973 as the first employee. After twenty-three (23) years of struggle with her

husband, Mr. Chan Choo Sing, they have successfully listed PCCS in the Main Market of Bursa Malaysia Securities Berhad.

With her extensive industry experience accumulated for the past forty-nine (49) years in the management of business operation, marketing, sales and development of new business, Madam Tan has been instrumental in the growth and development of PCCS and the commencement of those subsidiaries in Cambodia and People's Republic of China. Being an integral part of the management team, Madam Tan is jointly responsible for the implementation of PCCS's broad operational strategies and policies. She also oversees the day-to-day operations and performance of the manufacturing sector of those subsidiaries.

Although she does not possess tertiary education qualification, with her years of experience accumulated in PCCS, she possesses a certain level of management skills. She is also actively attends management courses i.e. Japan Lean Monozukuri Study in 2017, Program Wealth

Master, Design of Equity Incentive Scheme in 2018 and etc, which allowing her to play a positive role in PCCS.

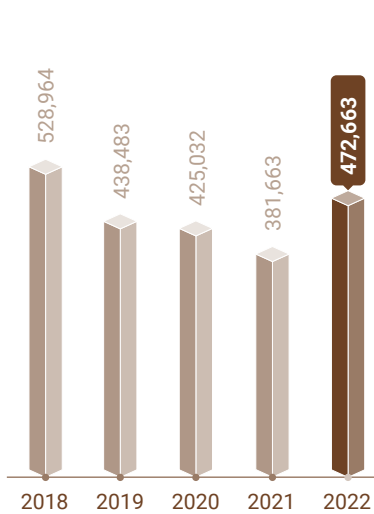
Madam Tan has no directorships in other public company and listed company and she does not have any conflict of interest with PCCS.

Madam Tan is a substantial shareholder of PCCS effective from 17 July 2014. She is the wife of Mr. Chan Choo Sing (the Director and major shareholder of PCCS). She is also the mother of Mr. Chan Wee Kiang (the Director and the major shareholder of PCCS) and Mr. Chan Wee Boon (the Director of PCCS). She has indirect interest of 20% in the equity of CCS Capital Sdn. Bhd., who is the major shareholder of PCCS.

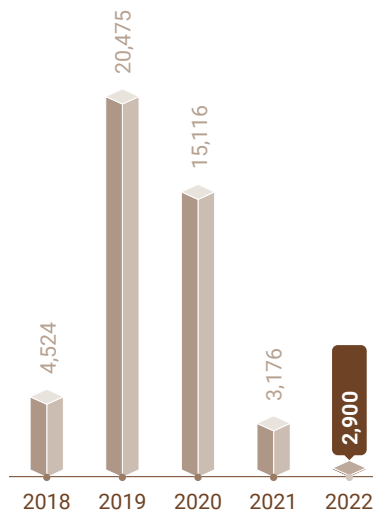
Other than traffic offences, if any, she does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2022.

FIVE (5) YEARS' FINANCIAL HIGHLIGHTS

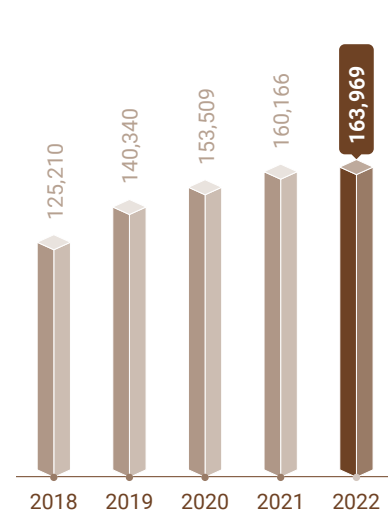
REVENUE (RM'000)



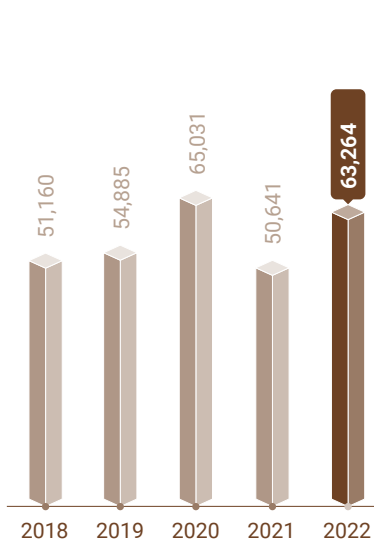
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



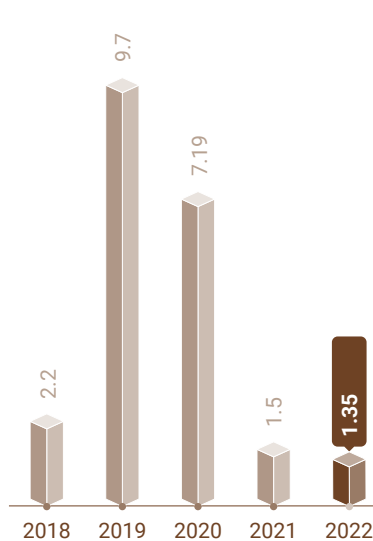
SHAREHOLDERS' FUND (RM'000)



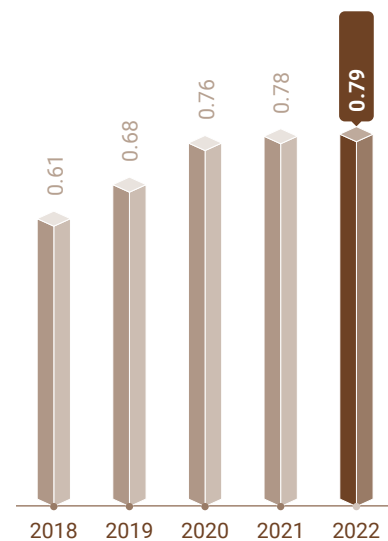
SHORT-TERM FUND*, CASH AND CASH EQUIVALENTS (RM'000)



EARNINGS PER SHARE (Sen)



NET ASSETS PER SHARE (RM)



Note:

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

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you PCCS Group Berhad's ("PCCS") Annual Report 2022 and the Audited Financial Statements for the financial year ended 31 March 2022 ("FY2022") ("AFS 31 March 2022").

A Challenging Year

In the year 2021, coronavirus disease ("COVID-19") continues to impact every industry and this pandemic has greatly disrupted the stability of the supply chain apparel industry due to the costs of raw materials, labour and transportation increased, most of the company is facing operation hard. Thus, year 2021 is a very challenging year for PCCS. However, for more than forty (40) years, PCCS has always adhered to the corporate culture of "Passion, Care, Commitment and Sustainability", therefore, PCCS actively responded to the pressure brought by this pandemic and endeavour to ensure the health, safety and income of our employees are protected and also to reduce the impact of delays in order delivery to our customers. Furthermore, we also aggressively develop our medical and financing business to keep enhancing PCCS competitiveness and profitability in future. Despite this, I am pleased to inform you that we have ended the FY2022 in a positive note by adapting to the abovementioned challenges. Also, PCCS continues to bring value to our stakeholders.

Performance Review

During the FY2022, the Group recorded higher revenue from continuing operations of RM415.87 million as compared to RM327.06 million achieved in the previous financial year. The profit attributable to the owner of the company for continuing operations was RM7.7 million as compared to RM5.8 million in the previous financial year. This was mainly due to the increase of orders received from Greater China Apparels and the margin contributed from the increased orders.

Our Competitive Advantage

PCCS always ensures that we provide our customers with quality products and services at competitive prices by following a cost-leadership strategy augmented by on-time delivery. In addition, we work closely with our customers and suppliers to ensure our sourcing and processing processes are designed to minimise production costs.

PCCS will focus on inculcating every member of the Group to develop all future group businesses with new energy or green technology. In addition, the Group will also deepen the reform of human resources from the perspective of high-level human resources strategy planning to face the employment pressure of future challenges, as the Board of Directors and management believe that the vitality and life of the company are endowed by talents, which can make the enterprise achieve sustainable operation. We strive to seize the opportunities that arise, bring more light to the challenging business environment and contribute to stabilising the supply chain in the face of global human disasters.

We also always ensure that every cent we spent was at the right place and right time, and that is why we are currently having a very solid financial ground of having RM54.29 million cash and bank reserves ready to serve any emergency situation, if arises. We have managed to maintain an optimal gearing ratio of 49% so that we could easily approach the banks for facilities, when necessary.

Corporate Activities

On 21 December 2021, PCCS had entered into a Conditional Share Sale Agreement with Chan Capital Sdn. Bhd. ("CCSB") for the disposal of the 8,000,000 ordinary shares in Mega Label (Malaysia) Sdn Bhd ("MLMSB") representing the entire equity interest in MLMSB, together with Mega Label (Penang) Sdn. Bhd. ("MLPSB"), a 51%-owned subsidiary of MLMSB, to CCSB for a total cash consideration of RM8.5 million.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONT'D)

Appreciation and Acknowledgement

On behalf of the Board, I would like to express my utmost and sincere appreciation and gratitude to the Management and staff, especially those who stationed overseas, for their conscientious efforts, commitment and dedication to delivering results. Their conscientious work attitude regarding the workplace as their home has ensured the orderly operation of our factories located overseas. At the same time, I also hope that all our employees will pursue progress, stay positive and promote the spirit of craftsmanship in order to provide our customers with better products and services.

We are also grateful to our valued customers, partners, shareholders, business associates, government authorities and financiers for their continuous support and confidence in the Group.

Yours sincerely,

Chan Choo Sing
Group Executive Chairman

29 July 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the executive management of the PCCS Group Berhad ("**PCCS**"), I am pleased to present the Management's Discussion and Analysis ("**MD&A**") for your information. The MD&A aims to provide you and the stakeholders with an overview of our business, operations and financial performance of PCCS and its subsidiaries ("**the Group**") for the financial year ended ("**FYE**") 31 March 2022 ("**FY2022**").

OUR BUSINESS

At present, although COVID-19 has been effectively controlled, it is still spreading all over the world. In addition, the war between Russia and Ukraine has not yet ended and the all-out demand for inflation has devoured, which has brought great uncertainty to the supply chain process. Moreover, the world has not returned to normal order, which will also bring a short-term impact on the supply chain. Recently, the price of bulk raw materials substantial increase has given rise to inflationary pressures in major developed economies. Obviously, their monetary policy has shifted from loose to tightening, interest rate hikes by the Federal Reserve and other countries are the uncertainties of consumer demand recovery. Sales market in China, Europe and the United States expected to maintain recovery and growth, but the growth will also change from time to time due to the above factors. As such, all industries continue to face various risks and challenges, geopolitical conflicts, frequent international trade frictions, and poor global logistics.

The mission of PCCS is to make investments that change the world and our vision is to build up a great platform with happy stakeholders. In order to realise our mission, we have pursued a concentrated growth strategy that involves the setting-up of various specialised subsidiaries to supplement the services of embroidery, printing, seamless bonding, labels, marketing and distribution of products overseas, in addition to the core business of garment manufacturing and marketing. Furthermore, PCCS also ventured into used car credit financing and insurance business. The medical device products we are involved in are also gradually emerging. In the future, we will also devote ourselves to the field of heart disease treatment and expand our products and business types.

With more than forty-five (45) years' experience in the apparel manufacturing industry, we have a skilled grounding and a powerful team as well as we pay great attention to human resource development, meanwhile upholding the concept of "society must be rewarded", thus leading us to adapt to the commercial environment changes and enable the sustainability of the Group.

The Group continues to believe that technology is the key to staying competitive in the challenging market environment and catching up with fast-changing global business trends. Therefore, our factories are well equipped with the necessary tools in every stage of job processing.

On 21 December 2021, the Group entered into a conditional share sale agreement with Chan Capital Sdn. Bhd. ("**CCSB**") for the disposal of the 8,000,000 ordinary shares in Mega Label (Malaysia) Sdn. Bhd. ("**MLMSB**") representing the entire equity interest in MLMSB, together with Mega Label (Penang) Sdn. Bhd. ("**MLPSB**"), a 51%-owned subsidiary of MLMSB, to CCSB for a total cash consideration of RM8.5 million ("**Disposal**"). The Disposal has been completed on 23 June 2022.

The Disposal has unlocked the value of its investments in MLMSB Group. In this respect, the Group is expected to record a net pro forma gain on Disposal of approximately RM6.3 million, improve its financial position and financial performance. The net pro forma gain from the proposed Disposal of approximately RM6.3 million (after deducting estimated expenses of RM0.6 million) is expected to increase the net assets and earnings of the Group and concurrently deduced the Group's borrowings by approximately RM43.0 million. The increase in the net assets together with the improved gearing level is expected to improve the credit rating and debt capacity of the Group, which in turn would provide the Group with financial flexibility in the event the Group intends to source additional funds and/or gear up in the future to fund its business operations.

Besides strengthening our focus on core business, i.e. Apparel, credit financing and medical device businesses will also gradually enter our core business, via value-creation exercises, including organic expansion, joint ventures, geographical expansion and enhancement to our product range.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

KEY BUSINESS UNITS

In order to realise our vision and mission, the Group has been organised into business units based on their products and services, and has four (4) reportable operating segments as follows:-

(i) Apparel Division

The core activities of the Apparel Division are manufacturing and marketing of apparels.

The flagship subsidiaries of the Group under this Division are:-

(a) Apparel Division:-

Manufacturing location - Cambodia

- Wan He Da Manufacturing Company Limited
- Thirty Three Apparels (Cambodia) Co, Ltd

Manufacturing location – People's Republic of China ("PRC")

- PCCS Garments (Shandong) Ltd
- PCCS Garments (Suzhou) Ltd

(b) Apparel marketing – based in Hong Kong, Special Administrative Region ("SAR")

- PCCS (Hong Kong) Limited

(c) Trading of apparels and providing design service – based in PRC

- Thirty Three (Shanghai) Limited

(d) Manufacturing of seamless bonding, printing and marketing of silk screen printing products – based in Cambodia

- Beauty Silk Screen Limited
- Perfect Seamless Garment (Cambodia) Limited

(ii) Label and Packaging Division

The core activities of the Label and Packaging Division are the printing of labels and stickers for garments and other products.

The flagship subsidiary of the Group under this Division is:-

(a) Label and Packaging Facilities - Cambodia

- Mega Labels & Stickers (Cambodia) Co, Ltd – Cambodia

(iii) Others

The Others Division includes investment holding and provision for management services, credit service, medical industry and etc.

The entities under this Division are:-

(a) Investment holding

- PCCS Group Berhad – being the holding company of the Group

(b) Medical business in Malaysia and Singapore

- La Prima Medtech Sdn Bhd
- La Prima Medicare Pte Ltd

(c) Credit business in Malaysia

- Southern Auto Capital Sdn Bhd

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

KEY BUSINESS UNITS (CONT'D)

(iv) Discontinued Operations

The Discontinued operations include:-

- (a) Label and Packaging Facilities - Malaysia
 - Mega Label (Malaysia) Sdn. Bhd. – Shah Alam and Batu Pahat
 - Mega Label (Penang) Sdn. Bhd. – Pulau Pinang

The Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss while financing costs and income taxes are managed on a group basis.

FINANCIAL HIGHLIGHTS

Economy and Market Outlook

The world is taking a heavy toll on the Russian war in Ukraine. The war unleashed a cost-of-living crisis, which is affecting people around the world. Adherence to China's previous zero infection policy, these two (2) have caused the world economy on a path of slower growth and rising inflation, a situation unprecedented since 1970s. The global economy was on track for a robust, though uneven, post Covid-19 recovery prior to the war. The conflict in Ukraine and supply chain disruptions, exacerbated by closures in China as a result of the zero Covid policy, are a major blow to the recovery. In accordance with the information published by International Monetary Fund on 19 April 2022, global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies, 1.8 and 2.8 percentage points higher than projected last January. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential. The energy and food prices have surged and are threatening to remain high or increase further. Many of the hardest-hit countries are in Europe, which is heavily exposed to war as a result of energy imports and refugee flows.

Although FYE 31 March 2021 ("FY2021") is unstable and uncertain, we have managed to end our FY2022 in a positive note. Our management team is always full of enthusiasm and is committed to keeping on improving the business operations. Our strong financial ground has also given us great confidence that we can survive the crisis. Therefore, we present to you our financial performance for FY2022 as below:-

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Summary Financial Performance

The summary of the financial performance extracted from the Audited Financial Statements for the FY2021 and FY2022 are as follows:-

	FYE	
	31 March 2022 (RM'000)	31 March 2021 (RESTATED) (RM'000)
Revenue	415,874	327,061
Gross profit	68,572	65,656
Profit After Tax ("PAT") attributable to owners of the Company		
- Continuing operations	7,720	5,828
- Discontinued operations	(4,820)	(2,652)
	2,900	3,176
Weighted average number of Shares in issue ('000)	214,105	211,638
Earnings Per Share ("EPS") / (sen):		
- Continuing operations	3.60	2.75
- Discontinued operations	(2.25)	(1.25)
	1.35	1.50
Gross profit margin (%)	16.49	20.07
*PAT margin (%)	1.86	1.78

Note:

* Excluding Discontinued operations

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operating Segments Information

Summary of the revenue and Profit/(Loss) After Tax based on the Group's operating segments for the FY2021 and FY2022 are as follows:-

	FYE	
	31 March 2022 (RM'000)	31 March 2021 (RESTATED) (RM'000)
External revenue		
Revenue from operations:		
Apparel	495,148	395,021
Label and Packaging	67,289	63,271
Others*	22,430	4,656
Total revenue before eliminations	584,867	462,948
Discontinued operations	(56,789)	(54,602)
Eliminations	(112,204)	(81,285)
Total	415,874	327,061
Profit/(Loss) After Tax		
Apparel	6,772	9,594
Label and Packaging	(3,777)	(5,465)
Others*	11,841	755
	14,836	4,884
Discontinued operations	5,310	2,925
Inter-company adjustments and eliminations	(14,984)	(3,736)
Total	5,162	4,073

Note:

* Others division includes investment holding and used car credit financing services business.

Operational Review

(i) Apparel Division

The revenue from the Group's Apparel division increased by approximately 25.35% or RM100.13 million from approximately RM395.02 million recorded in the FY2021 to approximately RM495.15 million in the FY2022. This was mainly due to China Apparels having benefited from the relatively early economic recovery. The Group's Apparel division registered a Profit After Tax of approximately RM6.77 million in FY2022 as compared to a Profit After Tax of approximately RM9.59 million in the FY2021. The decrease in Profit After Tax was mainly due to the cost pressure from inflation, interruption in operating activities and supply chain. Moreover, our factory in Shandong, China has yet to achieve optimal performance upon the acquisition of the plant in September 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational Review (Cont'd)

(ii) Label and Packaging Division

The revenue from the Group's Label and Packaging Division increased by approximately 6.35% or RM4.02 million from approximately RM63.27 million recorded in FY2021 to approximately RM67.29 million in FY2022. The Group's Label and Packaging division registered a Loss After Tax of approximately RM3.78 million in FY2022 as compared to a Loss After Tax of approximately RM5.47 million in the FY2021. The decrease in losses were mainly due to the regrouping of intragroup revenue in the label and packaging business from the discontinued operations to continuing operations.

(iii) Others

The revenue from the Group's Others Division increased by approximately 381.74% or RM17.77 million from approximately RM4.66 million recorded in the FY2021 to approximately RM22.43 million in the FY2022. Profit After Tax of the Group's Others Division increased by RM11.08 million from RM0.76 million in the FY2021 to RM11.84 million in the FY2022, mainly due to the increased dividends received from subsidiaries in the investment holding company compared with the FY2021.

(iv) Discontinued operations

The revenue from the discontinued operations increased by approximately 4.01% or RM2.19 million from approximately RM54.60 million recorded in FY2021 to approximately RM56.79 million in FY2022. The Group's discontinued operations registered a Loss After Tax of approximately RM5.31 million in FY2022 as compared to a Loss After Tax of approximately RM2.93 million in the FY2021. The increase in revenue was coupled with more losses incurred mainly due to Penang's operation and the regrouping of intragroup revenue in the label and packaging business from the discontinued operations to continuing operations as indicated above.

FUTURE BUSINESS OUTLOOK

(i) Apparel Division

New virus clusters emerging across China since March led to stringent lockdown measures, causing a sharp contraction in economic activities and a slow-down in export growth in China apparel. Additionally, the global logistics disruptions and container shipping shortages may continue to affect shipments and possibly may persist for the next few quarters. However, with more Covid-19 restrictions lifted and borders reopening around the world, we expect to see an increase in our Cambodia apparel business. It is anticipated that this segment will have good growth momentum for the next financial year.

The COVID-19 pandemic will eventually pass, and we are confident that the trade pattern of textile and clothing will gradually return to the situation before the COVID-19 pandemic. The pandemic has actually accelerated the upgrading and integration of the industry, and the future development of the industry will face a couple of challenges. For instance, due to the change in population structure and employment concept, the global employment pressure will continue to exist. The uncertainty of the trade environment will continue to affect the global distribution of industry. There will be greater demand for innovative products in the market, and products related to environmental protection, health and functionality will be more popular for consumers, especially under the promotion by the United States Government led by Joe Biden, as well as the China's 14th five-year plan. Brand customers will have higher requirements for the manufacturers' supply chain response speed, and to a certain extent to meet the needs of the consumers by providing customised products or services. With the continuous improvement in the environmental protection requirements for human living space, some countries continue to improve environmental protection legislation, and environmental protection concepts such as cleaner production and carbon neutralisation will guide more enterprises to take the initiative to implement low-carbon layouts in production mode.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

FUTURE BUSINESS OUTLOOK (CONT'D)

(i) Apparel Division (Cont'd)

The Group also plans the development direction of the industry in the post-pandemic period in advance, promotes the transformation of the industry to high-quality development, and promotes the value chain of the industry driven by technology and innovation. Focus on inculcating every employee in the Group to develop all future group businesses with new energy or green technology. In addition, the Group will also deepen the reform of human resources from the perspective of high-level human resources strategy planning to face the employment pressure in future challenges, because the Board of Directors and Management believe that the vitality and life of the Group are endowed by talents, which can make the enterprise to achieve more sustainable operation. We strive to seize the opportunities that arise, bring more light to the challenging business environment, and contribute to stabilising the supply chain in the face of global human disaster.

(ii) Label and Packaging Division

Cambodian companies in this segment will continue to operate in the form of trade, but it is not going to be accounted for as the important core business of the group as before. With respect to the Disposal of Malaysian label and packaging companies, it is expected that the transaction will be completed no later than the third quarter of the new fiscal year.

(iii) Others

The move to endemicity in Malaysia on 1 April 2022 is expected to improve the economy. With the domestic economic growth on a firmer footing, our used car credit financing loan book size is expected to increase over time. For the medical field, in addition to steady self-development or organic growth, the company will also explore Mergers and Acquisitions (M&A) opportunities. Business is being deployed in these countries, i.e. Vietnam, Indonesia, Thailand, Malaysia and Singapore. We are confident that we can achieve micro revenue for existing products in the new fiscal year, and we will also strive to expand the range of revenue products.

The Board believes that with the gradual improvement of the external environment and the unprecedented stable financial situation of the Group, if there are no major events this year, the overall financial performance of the new fiscal year will be much better than this year. We remain focused to strengthen our business model and revenue growth, which is allowing us to adapt to a fast-changing world and grow stronger, by adapting to the new external dynamics, ensuring the job security of our people, keeping a tight rein on costs and accelerating our business recovery to emerge stronger from the Covid-19 crisis, while making significant progress in our environmental, social, and governance (ESG) agenda towards sustainable progress.

OFFER OF OPTIONS UNDER EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Group has on 30 June 2021 offered the second batch of ESOS options to the eligible Directors and employees of the Group to subscribe to the new Ordinary Shares in PCCS under the ESOS. A total of 2,060,600 ESOS options were offered and the Exercise Price of the options offered is RM0.46 per option. The options are vested upon acceptance of the offer.

As at 31 March 2022, 140,000 ESOS options were exercised by the eligible Directors and employees, which is approximately 6.79% of total ESOS options offered.

DIVIDEND

We adopted a dividend policy on 23 May 2022. This is consistent with our strategy of delivering dividends more transparently.

The Board did not recommend any final dividend payment to the shareholders for the FY2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

CONCLUSION AND ACKNOWLEDGEMENT

The performance of the Group will continue being affected by factors such as the vitality in the international and domestic consumer sentiments due to apparels and label and packaging products are ultimately consumed by consumers. The recovery of the Group's apparels segment will also be depending on the length of COVID-19 economic recovery period, especially for Europe countries.

The Management will continue to exploit opportunities to expand our businesses into industries other than apparel, used car credit financing, and medical devices in order to diversify the income stream of the Group. The Group will also continue its existing profitable business model and expand its product range and distribution channels in order to make the existing businesses more robust.

Shareholders can rest assured that the Group will continue to implement prudent strategies in investment activities.

On behalf of the Board, I would like to express my utmost sincere appreciation and gratitude to the Management and employees for their conscientious efforts, commitment, and dedication to delivering results. The successes in FY2022 could not have been achieved without their efforts.

We are also grateful to our valued customers, partners, shareholders, business associates, financiers, and government authorities for their continued support and confidence in the Group.

For and on behalf of
The Executive Management of PCCS

Chan Wee Kiang
Group Managing Director

29 July 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

“Trust is the glue of life.

It is the most essential ingredient in effective communication. It is the foundational principle that holds all relationships. When the trust account is high, communication is easy, instant, and effective.”

Inspirational quote by Stephen R. Covey, motivational writer

Drawing the inspiration from Mr. Stephen R. Covey, the Board of Directors of PCCS Group Berhad (“**the Board**”) wish to instill trust amongst its stakeholders by adopting good corporate governance practices. The Board recognises the importance of practice high standards of corporate governance throughout the Group as a basis of discharging their fiduciary duties and responsibilities to protect and enhance shareholders’ value and the performance of the Group. The Board continued its commitment to report on the manner in which the Practice and Guidance of Malaysian Code on Corporate Governance 2021 (“**MCCG**”) are applied under the stewardship of the Board, throughout the financial year ended 31 March 2022 (“**FY2022**”).

This Corporate Governance Overview Statement (“**this Statement**”) also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”).

Details application for each practice of the MCCG during the FY2022 is disclosed in the Company’s Corporate Governance Report which is available on the Company’s website: <http://www.pccsgroup.net/>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

(a) Establishing clear roles and responsibilities of the Board

Duties and Responsibilities of the Board

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board has delegated certain responsibilities to other Board Committees, which operate within clearly defined Terms of Reference (“**TOR**”). Standing committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. The Board receives reports at the Board Meeting from the Chairman of each committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board as whole.

To ensure the effective discharge of functions and duties, the primary responsibilities of the Board include (but are not limited to) the following:-

- (a) together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- (b) review, challenge and decide on Management’s proposals for the Group, and monitor its implementation by Management;
- (c) ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) supervise and assess Management’s performance to determine whether the business is being properly managed;
- (e) ensure there is a sound framework for internal controls and risk management;
- (f) understand the principal risks of the Group’s business and recognise that business decisions involve the taking of appropriate risks;
- (g) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

(a) Establishing clear roles and responsibilities of the Board (Cont'd)

- (h) ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (i) ensure that the Group has in place procedures to enable effective communication with stakeholders;
- (j) ensure that all Directors are able to understand financial statements and form a view on the information presented;
- (k) ensure the integrity of the Group's financial and non-financial reporting;
- (l) together with management takes responsibility for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets and ensure the same as well as performance against such targets are communicated to the Company's shareholders and other stakeholders;
- (m) establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital; and
- (n) succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.

Chairman of the Board

Mr. Chan Choo Sing, the Group Executive Chairman, primarily responsible for instilling good corporate governance practices, leadership and effectiveness of the Board whilst Mr. Chan Wee Kiang, the Group Managing Director ("**Group MD**"), together with the Executive Director, oversees the day-to-day management and operations of the Group and implementation of the Board's decisions, business strategies and policies. The positions of Chairman and Group MD are held by different individuals and their role and responsibilities are distinct and clearly outlined in the Board Charter.

The Chairman of the Board is not a member of the Audit Committee, Nomination Committee and Remuneration Committee which in compliance with Practice 1.4 of the MCCG.

Qualified Company Secretaries

During FY2022, the Board is supported by two (2) qualified and competent Company Secretaries, Ms. Chua Siew Chuan and Mr. Cheng Chia Ping. Both Company Secretaries are qualified Chartered Secretaries under the Companies Act 2016 and are members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("**MAICSA**"). The Board is satisfied with the support rendered by the Company Secretaries to the Board in the discharge of its roles and responsibility.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

(a) Establishing clear roles and responsibilities of the Board (Cont'd)

Access to information and advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and, may seek advice from the Management on issues under their respective purview.

During the FY2022, each notice calling the Board Meeting is issued at least seven (7) days in advance of the meeting and the Directors are provided at least five (5) business days in advance of the meeting with the relevant agenda detailing the matters to be transacted at the meeting and the Board papers detailing the key issues so that the Directors have ample time to review and consider the relevant information.

Subsequent to the meeting, the Minutes will be circulated to the Board and Board Committee for confirmation to ensure that deliberations and decisions are accurately recorded.

The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the Minutes.

The Board has established the following protocol for its members, outlining the procedures for the Board to gain access to information and advice from professional advisory services with effect from 27 May 2016:-

Protocol for seeking of professional advisory services

Where applicable, the Directors whether as a full Board or in their individual capacity, are encouraged to seek independent professional advice from the following parties:-

- For corporate and/or governance matters, the external Company Secretaries;
- For audit and/or audit-related matters, any representatives of the audit engagement team of the External Auditors or the outsourced Internal Auditors;
- For any other specific issues where professional advice is required to enable the Board to discharge its duties in connection with specific matters, the Board may proceed to do so, upon the approval of the Chairman, in relation to the quantum of fees to be incurred.

(b) Demarcation of responsibility

Board Charter

The Board Charter of the Company was established on 31 July 2014 and subsequently revised on 28 June 2022 to ensure compliance with the MCGG revised as at 28 April 2021. The Board Charter documented the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board and matters reserved for the Board in compliance with Practice 2.1 of the MCGG.

Roles of Senior Independent Non-Executive Director

Mr. Julian Lim Wee Liang ("**Mr. Julian**") is the Senior Independent Non-Executive Director of the Company. The roles of the Senior Independent Non-Executive Director as entail in the Board Charter, include but not limited to the following:-

- a sounding board for the Chairman;
- an intermediary for other directors when necessary; and
- the point of contact for shareholders and other stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

(c) Good business conduct and corporate culture

Code of Conduct and Ethics

The Group has in place a Group's Code of Conduct and Ethics ("**COC**"), which was revised on 28 November 2018, is applicable to the Board, the Management and the employees of the Group. The Company strive to ensure that the consultants, agents, partners, representatives and others performing works or services for or on behalf of the Group comply with the COC.

Whistle Blowing Policy

Whistleblowing is a specific means by which an employee/officer or stakeholder can report or disclose through the established channels, concerns about any violation of the COC, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in future.

As at the date of this Statement, the Company has not received any complaint under this procedure.

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

With the enforcement of Corporate Liability provisions under Section 17A of Malaysian Anti-Corruption Commission Act 2009 and the amendments to Main LR in relation to the anti-corruption measures, the Board had on 1 June 2020 adopted an ABAC Policy across the Group.

The Group is committed to conduct business with honesty, integrity and ethics in all business dealings and all jurisdictions in which the Group operates in. The ABAC Policy entailed areas which are easily exposed to bribery and corruption such as gift, donation, charitable contribution, sponsorship, entertainment, hospitality, facilitation payments and etc. The Directors, employees and any business associates of the Group are strictly prohibited from accepting and taking part in any form of bribery, corruption, extortion or any kind of money laundering activities and the Group has zero-tolerance against such activities.

As at the date of this Statement, there were no bribery or corruption related cases being reported to the Company.

It is the responsibility of the Board to ensure proper policies are in place to promote good business conduct with high ethical behaviour and integrity, the Board Charter, COC, Whistle Blowing Policy and ABAC Policy are to be regularly reviewed by the Board as and when required, and they are available for viewing at the Company's website <http://www.pccsgroup.net/>.

(d) Sustainability

In line with strengthening sustainability and providing more comprehensive and strategic oversight of the Group's economic, environmental, social and governance ("**ESG**") matter, the Group has established sustainability governance structure comprises the Sustainability Working Group, Executive Directors and the Board of Directors which shall be responsible to instill sustainability at the core of the business within the Group.

The Board has also in place a Sustainability Policy to embed sustainability throughout day-to-day operations and align sustainable strategies with the Group's vision, mission and core values. The Sustainability Policy are available for viewing at the Company's website <http://www.pccsgroup.net/>.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION

Size and Composition of the Board

The Board has nine (9) members comprising one (1) Group Executive Chairman, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors, one (1) Group MD and one (1) Executive Director.

During the FY2022, the three (3) Independent Directors represented the compliance with the requirement for one-third (1/3) Independent Directors in the Board, pursuant to Paragraph 15.02(1) of the Main LR of Bursa Malaysia Securities. The Board took note of the requirement of Practice 5.2 of the MCCG which requires at least half of the Board comprises Independent Directors.

The Board is of the view that the current composition of the Board facilitates effective decision making and independent judgement where no individual shall dominate the Board's decision making.

The individual profile of the Directors is available for viewing at Pages 11 to 16 of this Annual Report.

Tenure of Independent Directors

Mr. Julian who was appointed as Independent Director of the Company on 14 November 2011, has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

Following the assessment and recommendation made by the Nomination Committee of the Company, the Board opined that the Mr. Julian's independence remains unimpaired and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board has subsequently recommended that Mr. Julian be retained as Independent Director, subject to shareholders' approval at the forthcoming Twenty-Eighth (28th) Annual General Meeting ("AGM") of the Company.

Procedures for Appointment of Directors and Senior Management

Appointment of Directors

The appointment of Directors is under the purview of the Nomination Committee, which is to assist the Board on all new Board and Board Committees' appointments and to provide a formal and transparent procedure for such appointments including obtaining a commitment from the candidate that sufficient time will be devoted to carry out the responsibilities as a Director.

The policies and procedures for recruitment and appointment of Directors are set out in the Board Charter. The Board had on 28 June 2022 adopted a Fit and Proper Policy which set out the fit and proper criteria for the appointment and re-election of the Board of the Company and its subsidiaries. The policy also to ensure each of the Directors has the character, integrity, experience, competence, time and commitment to effectively discharge his/her role as a Director of the Company and its subsidiaries.

In the event that a candidate is required for the appointment of Directors, the Nomination Committee would use a variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely relying on the recommendations from existing Board members, management or major shareholders.

During the FY2022, there was no new Director appointed to the Board of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Procedures for Appointment of Directors and Senior Management (Cont'd)

Appointments to Board Committees

The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed. In determining the candidates for appointment to the Board Committees, various factors are considered by the Nomination Committee, including but not limited to the following factors:-

- the needs of the particular Board Committees;
- the results of the Board Effectiveness Evaluation for the Board Committees;
- time commitment and availability;
- regulatory requirements; and
- best practices or governance practices.

Following the assessment and recommendation by the Nomination Committee, Mr. Chan Choo Sing was resigned as the Nomination Committee on 23 May 2022 and Dato' Chan Chor Ngiak has resigned as Audit Committee member and he was succeeded by Ms. Joyce Wong Ai May, who was appointed as Audit Committee member on 23 May 2022.

Appointments to Senior Management

The Human Resources Department is responsible for selection and appointment of candidates for senior management position based on selection criteria which best matches the requirements of the open position. The selection criteria include (but not limited to) diversity in skills, experience, age, cultural background and gender.

Boardroom Diversity

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness to thrive in good times and weather thought times.

The Board currently comprises nine (9) Directors, out of whom one (1) is female, which translates to a 11% female representation. The Nomination Committee strives to source for a suitably qualified female candidate for appointment to the Board when vacancies arise.

Gender and Ethnicity Diversity

Currently, the Board does not have any gender or ethnicity diversity policy. The Nomination Committee does not set any target on gender or ethnicity diversity but endeavour to include any member who will improve the Board's overall composition balance.

Age Diversity

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.

The age profile of the Directors was ranging from forties (40) to sixties (60) years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Committee

Audit Committee

The Audit Committee was set up on 7 February 2002 with TOR revised on 28 June 2022.

The membership and summary of works of the Audit Committee are stated in the **Audit Committee Report** of this Annual Report.

A copy of the TOR of the Audit Committee is available for viewing at the Group's corporate website at <http://www.pccsgroup.net/>.

Nomination Committee

The Nomination Committee was set up on 7 February 2002 with TOR revised on 28 June 2022. The composition of the Nomination Committee is as follows:-

Nomination Committee	Designation	Directorate
Mr. Piong Yew Peng <i>(Redesignated w.e.f. 23 May 2022)</i>	Chairman	Independent Non-Executive Director
Mr. Julian Lim Wee Liang <i>(Redesignated w.e.f. 23 May 2022)</i>	Member	Senior Independent Non-Executive Director
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director

The Chairman of the Nomination Committee is the Independent Non-Executive Director of the Company. The Nomination Committee is governed by its TOR of Nomination Committee which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Nomination Committee as defined in the TOR.

A copy of the TOR of the Nomination Committee is available for viewing at the Group's corporate website at <http://www.pccsgroup.net/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Committee (Cont'd)

Nomination Committee (Cont'd)

(a) Summary of Works

Pursuant to Paragraph 15.08A(3) of Main LR of Bursa Malaysia Securities, the summary of activities of the Nomination Committee during the FY2022 were disclosed as follows:-

- Review and confirmed the minutes of the Nomination Committee Meeting held in financial year ended 31 March 2021;
- Recommended the re-election of Mr. Chan Wee Kiang, Ms. Joyce Wong Ai May and Mr. Chan Wee Boon who retired pursuant to Clause 115 of the Company's Constitution at the Twenty-Seventh Annual General Meeting held on 22 September 2021 ("**27th AGM**");
- Recommended the re-election of Mr. Julian Lim Wee Liang and Mr. Piong Yew Peng who retired pursuant to Clause 117 of the Company's Constitution at the 27th AGM;
- Reviewed the length of service each Independent Non-Executive Director and assessment of the independency of the Independent Directors in accordance with MCCG and the Main LR of Bursa Malaysia Securities;
- Reviewed the current composition of the Board, the Board Committee and required mix of skills, experience and other qualities of the Board;
- Conducted the Board evaluation to assess the effectiveness of the Board as a whole and Board Committees;
- Reviewed the evaluation on the contribution and performance of each individual Director;
- Reviewed the term of office of the Audit Committee and assessed its effectiveness as a whole;
- Reviewed the retention of Mr. Julian as the Independent Director of the Company pursuant to Practice 5.3 of the MCCG;
- Reviewed the attendance of the Directors at Board and Board Committees meetings for the financial year ended 31 March 2021;
- Review the training programmes attended by the Directors for the financial year ended 31 March 2021 and identified the training needs for FY2022.

(b) Continuing Education and Training of Directors

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities for directors of listed issuers. Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

The Directors will continue to participate from time to time in training programmes to keep abreast with the latest developments in the capital markets, relevant changes in laws and regulations, corporate governance matters, sustainability issues and current business issues, from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Committee (Cont'd)

Nomination Committee (Cont'd)

(b) Continuing Education and Training of Directors (Cont'd)

The training programmes and seminars attended by Board members in FY2022 are as follows:-

Directors	Training(s) Attended
Chan Choo Sing	<ul style="list-style-type: none"> Capital Market Conference 2021 Share Buy-Back, Dealings in Listed Securities, Closed Period and Insider Trading
Chan Wee Kiang	<ul style="list-style-type: none"> Corporate Compliance and Practices under the Companies Act 2016 - Module 2 Malaysian Financial Reporting Standards ("MFRS")/International Financial Reporting Standards ("IFRS") Technical Update 2022 MFRS 16 Leases - What it Entails and its Effect (Plus tax considerations) MFRS 13 Fair Value Measurements Practical revision course with illustrative examples
Chan Wee Boon	<ul style="list-style-type: none"> Pre and Post Initial Public Offering ("IPO") Rules and Key Updates to Listing Requirements
Chan Chow Tek	<ul style="list-style-type: none"> Market Manipulation and Securities Fraud
Dato' Chan Chor Ngiak	<ul style="list-style-type: none"> Pathway to Equity Capital via IPO
Chan Chor Ang	<ul style="list-style-type: none"> Corporate Compliance and Practice under the Companies Act 2016 - Module 1
Julian Lim Wee Liang	<ul style="list-style-type: none"> Transfer Pricing Audit - the common issues challenged by the Inland Revenue Board ("IRB") Tax Issues for Small to Medium Enterprise ("SMEs") Interview for approved company auditors Tax Incentives and Measures Arising From COVID-19: Gazette Orders and FAQs
Piong Yew Peng	<ul style="list-style-type: none"> Post Pandemic World Challenges and Opportunities (CPE PTS: 8) Virtual MIA International Accountants with Agility and Resilience Breaking Biases through Mentoring and Education Power Up Your Style For 2022 Key Tax Developments – Third Quarter 2021 Paradigm Shift - Leading and Managing Change Board Governance Management 2021 Innovation in Accounting and Finance Building resilience to a rapidly evolving tax transparency SMPs stories: How to survive and thrive post Covid-19 Financial Planning for Retirement
Joyce Wong Ai May	<ul style="list-style-type: none"> Case study of an SME utilising multiple funding options Returning to work after retirement Cryptographic money - is it safe investment option? Bond Investment Digital etiquette for smooth online presentation Journey to the Boardroom: Actionable practice for women T.H.I.N.K mental health: Navigating a crisis with resilience Elevate your performance: Setting Smart Goals Home as a Permanent Workspace Conflict Resolution and Stakeholder Management for Internal Auditors

Upon review, the Board concluded that the Directors' Trainings for the FY2022 were adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

Board Committee (Cont'd)

Remuneration Committee

The Remuneration Committee was set up on 7 February 2002 with TOR revised on 28 June 2022. The Remuneration Committee comprises exclusively of Non-Executive Directors and the composition of the Remuneration Committee is as follows:-

Remuneration Committee	Designation	Directorate
Mr. Piong Yew Peng	Chairman	Independent Non-Executive Director
Mr. Julian Lim Wee Liang	Member	Senior Independent Non-Executive Director
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director

The Remuneration Committee is governed by its TOR of Remuneration Committee which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Remuneration Committee as defined in the TOR.

A copy of the TOR of the Remuneration Committee is available for viewing at the Group's corporate website at <http://www.pccsgroup.net/>.

Annual Assessment on effectiveness of Board and Individual Directors

Assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees are being carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the Nomination Committee, before being tabled and discussed at the Board.

The Nomination Committee conducted the following assessments annually:-

Evaluation	Assessment criteria
Individual Directors	<ul style="list-style-type: none"> • Fit and proper • Contribution and performance • Calibre and personality
Board and Board Committee	<ul style="list-style-type: none"> • Board mix and composition • Quality of information and decision making • Boardroom activities • Board's relationship with the Management • ESG issues or Sustainability • Board Committees' Performance
Audit Committee	<ul style="list-style-type: none"> • Quality and composition • Skills and Competencies • Meeting Administration and Conduct
Independence of the Independent Directors	<ul style="list-style-type: none"> • Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main LR of the Bursa Malaysia Securities

Based on the assessments conducted for the FY2022, the Nomination Committee was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 27th AGM of the Company, the Board through the Nomination Committee to determine the eligibility of each retiring Director in line with MCCG based on the abovementioned annual assessment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. REMUNERATION

Directors' Remuneration Policy

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The full Board determines the remuneration of the Group MD and Executive Directors.

The Board had on 27 May 2016 adopted a Director Remuneration Policy and subsequently revised on 28 June 2022 in compliance with the Practice 7.1 of the MCCG to set the remuneration packages of Directors and senior management. The compensation system takes into account the performance of the Directors and senior management and the competitive environment in which the Group operates.

The Remuneration Committee, when recommending the remuneration package of the Directors and senior management, shall be guided by the main components and procedures provided in the Directors' Remuneration Policy.

The Directors' Remuneration Policy is to be regularly reviewed by the Board as and when required.

A copy of the Directors' Remuneration Policy is available for viewing at the Group's corporate website at <http://www.pccsgroup.net/>.

Remuneration of Directors

For the FY2022, the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows:-

Received from the Company

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors						
Chan Choo Sing	66.0	35.0				101.0
Chan Wee Kiang	108.0	35.0				143.0
Chan Wee Boon	48.0	35.0				83.0
Non-Executive Directors						
Chan Chow Tek	48.0	23.4				71.4
Dato' Chan Chor Ngiak	66.0	26.7				92.7
Chan Chor Ang	48.0	23.4				71.4
Julian Lim Wee Liang	60.0	31.4				91.4
Piong Yew Peng	66.0	29.4				95.4
Joyce Wong Ai May	36.0	4.0				40.0

* Subject to the approval by shareholders at the 28th AGM

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. REMUNERATION (CONT'D)

Remuneration of Directors (Cont'd)

Received on the Group Basis

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors						
Chan Choo Sing	66.0	751.3	126.1			943.4
Chan Wee Kiang	108.0	877.1	126.1			1,111.2
Chan Wee Boon	48.0	543.9	61.5			653.4
Non-Executive Directors						
Chan Chow Tek	48.0	588.3	49.6			685.9
Dato' Chan Chor Ngiak	66.0	26.7				92.7
Chan Chor Ang	48.0	23.4				71.4
Julian Lim Wee Liang	60.0	31.4				91.4
Piong Yew Peng	66.0	29.4				95.4
Joyce Wong Ai May	36.0	4.0				40.0

Remuneration of top five (5) senior management

The Board is of the view that, given that the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Separation of the positions of the chair of the Audit Committee and the Board

The Audit Committee is chaired by Mr. Piong Yew Peng, which is a separate person from the chair of the Board, Mr. Chan Choo Sing.

The composition of the Audit Committee is set out in the **Audit Committee Report** of this Annual Report.

No appointment of former key audit partners as member of the Audit Committee

None of the Audit Committee members was a former key audit partner of the Company and the Board has no intention to appoint any former key audit partner as member of the Audit Committee.

In compliance with Practice 9.2 of the MCCG, the TOR of Audit Committee has been updated accordingly to formalise the appointment of a former key audit partner as a member of the Audit Committee shall observe a cooling-off period of at least three (3) years before appointed as a member of Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I. AUDIT COMMITTEE (CONT'D)

Assessment on External Auditors

In compliance with Practice 9.3 of the MCCG, the Audit Committee had on 28 June 2022 established policies and procedures to assess the suitability, objectivity and independence of external auditors and that such assessment would be carried out annually. For the FY2022, the Audit Committee had conducted assessment of the suitability, objectivity and independence of the external auditors, namely Messrs. Baker Tilly Monteiro Heng PLT ("**Baker Tilly**") prior to Baker Tilly's appointment. The Audit Committee has assessed Baker Tilly based on several factors, including independence of the external auditors, quality of audit review procedures, adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with and the extent of the non-audit services rendered.

Skillsets of Audit Committee

The members of the Audit Committee collectively have the appropriate and necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance and economics.

In addition, the members of the Audit Committee have attended various continuous trainings and development programmes as detailed in the Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control Framework

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's internal control systems. It acknowledges its overall responsibility in this area and also the need to review its effectiveness regularly.

The **Statement on Risk Management and Internal Control** as set out in this Annual Report provides an overview of the state of Risk Management and internal controls within the Group.

Internal Audit Function

The Group has appointed an independent professional service provider to carry out the internal audit function, namely, Sterling Business Alignment Consulting Sdn. Bhd. The outsourced Internal Auditors report directly to the Audit Committee providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control in the Group.

During the FY2022, the Audit Committee had reviewed and assessed the adequacy of the scope, functions, competency, resources and independence of the outsourced internal auditors and that they have the necessary authority to carry out their work.

The **Audit Committee Report** as set out in this Annual Report provides further details of the Internal Audit Function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board has a Corporate Disclosure Policy in place on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately to Bursa Malaysia Securities.

A copy of the Corporate Disclosure Policy is available for viewing at the Group's corporate website at <http://www.pccsgroup.net/>.

The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow:-

- (a) Announcements to Bursa Malaysia Securities
- (b) Annual Reports
- (c) AGM/General Meetings
- (d) Corporate Website
- (e) Senior Independent Non-Executive Director

For the FY2022, Senior Independent Non-Executive Director informed that he has not received any concerns from shareholders/stakeholders, be it written or verbal.

II. CONDUCT OF GENERAL MEETINGS

Notice of AGM

Notice of the 27th AGM held in year 2021 is sent out at least twenty-eight (28) days before the date of the meeting so as to enable the shareholders to have full information about the 27th AGM and to facilitate informed decision-making. Full explanation of the effects of a proposed resolution of any special business will accompany the notice of 27th AGM.

Directors' Commitment

There were two (2) general meetings held during FY2022, i.e. 27th AGM held on 22 September 2021 and Extraordinary General Meeting ("EGM") held on 25 February 2022.

All the Directors were remotely present at the virtual 27th AGM of the Company to engage with the shareholders personally and proactively.

For the EGM held on 25 February 2022, save for some of the directors were unable to attend the EGM due to another commitment, all directors were present physically or via video-conferencing to engage with the shareholders personally and proactively.

The Directors ensure sufficient opportunity given to the shareholders to pose questions and that adequate responses are given in both virtual 27th AGM and physical EGM.

Minutes of the 27th AGM and EGM have been made available to shareholders no later than thirty (30) business days after the general meetings on the Company's website at <http://www.pccsgroup.net/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. CONDUCT OF GENERAL MEETINGS (CONT'D)

Voting in absentia and Remote Shareholders' Participation at General Meeting(s)

During FY2022, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities for its first fully virtual 27th AGM held on 22 September 2021. An Independent Scrutineer was appointed to verify the results of the poll voting.

CONCLUSION

The Board is satisfied that for the FY2022, it complies substantially with the principles and guidance of the MCCG.

The Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors passed on 22 July 2022.

AUDIT COMMITTEE REPORT

The Board of Directors of PCCS Group Berhad is pleased to present the Audit Committee report for the financial year ended 31 March 2022 (“FY2022”) in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”).

A. COMPOSITION

The Audit Committee comprises the following three (3) members:-

Audit Committee	Designation	Directorship
Piong Yew Peng	Chairman	Independent Non-Executive Director
Julian Lim Wee Liang	Member	Senior Independent Non-Executive Director
Joyce Wong Ai May (appointed w.e.f. 23 May 2022)	Member	Independent Non-Executive Director

The Independent Non-Executive Directors satisfied the definition of independence under Paragraph 1.01 of the Main LR of Bursa Malaysia Securities.

The Chairman of the Audit Committee, Mr. Piong Yew Peng is an Independent Non-Executive Director. In respect of this, the Company has fulfilled the requirement under Paragraph 15.10 of the Main LR of Bursa Malaysia Securities. Furthermore, in compliance with the Practice 9.1 of the Malaysian Code on Corporate Governance 2021 (“MCCG”), the Chairman of the Audit Committee is not the Chairman of the Board.

The Audit Committee meets the requirement under paragraph 15.09(1)(c)(i) of the Main LR of Bursa Malaysia Securities with Mr. Piong Yew Peng, the Chairman of the Audit Committee and Mr. Julian Lim Wee Liang and Ms. Joyce Wong Ai May, the members of the Audit Committee, being the members of Malaysian Institute of Accountants (MIA).

The terms of office and performance of the Audit Committee and each of its members were reviewed by the Nomination Committee on 23 May 2022 in accordance with Paragraph 15.20 of the Main LR of Bursa Malaysia Securities and were satisfied that they are able to carry out their duties in accordance with their Terms of Reference. The Nomination Committee has subsequently reported its satisfaction to the Board of Directors for notation.

B. ATTENDANCE

A total of four (4) Audit Committee meetings were held during the FY2022. Details of attendance at the Audit Committee during the FY2022 were as follows:-

Directors	Attendance	%
Piong Yew Peng (Chairman)	4 out of 4	100
Julian Lim Wee Liang	4 out of 4	100
Dato’ Chan Chor Ngiak (resigned w.e.f. 23 May 2022)	3 out of 4	75
Joyce Wong Ai May (appointed w.e.f. 23 May 2022)	N/A	N/A

AUDIT COMMITTEE REPORT (CONT'D)

C. SUMMARY OF WORK

The works of the Audit Committee were primarily in accordance with its functions and duties as set out in its Terms of Reference. The main works carried out by the Audit Committee during FY2022 were as follows:-

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarter ended 31 March 2021, 30 June 2021, 30 September 2021 and 31 December 2021 before recommending them to the Board of Directors for approval;
- Reviewed the draft audited financial statements for the financial year ended 31 March 2021 before recommending them to the Board of Directors for approval;
- Reviewed the financial performance and financial highlights of the Group on a quarterly basis;
- Reviewed the identified significant matters pursuant to Paragraph 15.12(1)(g)(ii) of the Main LR of Bursa Malaysia Securities on a quarterly basis; and
- Reviewed the Group's compliance with relevant accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed the suitability, objectivity and independence of Messrs. Baker Tilly Monteiro Heng PLT for its re-appointment as External Auditors. The Audit Committee was satisfied with the outcome of the assessment and thereby recommended the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as the External Auditor, subject to the approval of PCCS's shareholders at the Twenty-Seventh Annual General Meeting;
- Discussed and reviewed with the External Auditors, the Audit Review Memorandum for the financial year ended 31 March 2021, covering audit and financial reporting considerations subsequent to the Covid-19 outbreak, significant audit findings, potential key audit matters, matters for control improvements and significant outstanding matters from the audit field works;
- Discussed and reviewed with the External Auditors, the Audit Planning Memorandum entailing the scope of work and audit plan for the FY2022, including any significant issues and concerns arose from the audit;
- Discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board that may impact the unaudited quarterly financial results of the Group;
- Had twice private discussion sessions with the External Auditors without the presence of the Executive Directors and Management personnel to discuss the major concerns that arose from the annual statutory audit; and
- Reviewed the audit fees for the FY2022 prior to the approval of the Board of Directors.

3. Oversight of Internal Audit ("IA")

- Reviewed the IA Reports for the FY2022 and assessed the Internal Auditors' major findings and evaluate the management's responses and made necessary recommendations to the Board of Directors for approval;
- Reviewed the Status Report on the follow-up actions on the previously reported audit findings of the Group to ascertain the agreed action plans being implemented by the Management;
- Reviewed the adequacy and performance of the IA function and its comprehensive coverage of the Group's activities; and
- Reviewed and assessed the adequacy of the scope, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

AUDIT COMMITTEE REPORT (CONT'D)

C. SUMMARY OF WORK (CONT'D)

4. Review of Related Party Transactions

- Reviewed any related party transaction and conflict of interest situation that may arise within the Group on a quarterly basis, including any transaction, procedure or course of conduct that raised the questions on management integrity;
- Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and recommend the same to the Board of Directors for approval; and
- Reviewed the Circular to Shareholders in relation to the proposed disposal of Mega Label (Malaysia) Sdn. Bhd. ("**MEGAM**"), a wholly-owned subsidiary of the Company together with Mega Label (Penang) Sdn. Bhd., a 51%-owned subsidiary of MEGAM to Chan Capital Sdn. Bhd. (Related Party) at a cash consideration of RM8,500,000/- and recommend the same to the Board of Directors for approval.

5. Oversight of Employee Share Option Scheme ("ESOS")

- Reviewed the summary of allocation of options pursuant to ESOS on a quarterly basis.

6. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the Audit Committee Meetings;
- Reviewed and recommended to the Board, the Audit Committee Report and Statement on Risk Management and Internal Control, for the inclusion in the Annual Report 2021; and
- Reviewed the Statement to Shareholders in relation to the Proposed Share Buy-Back of up to 10% of the total number of issued shares in the Company and recommend the same to the Board of Directors for approval.

D. IA FUNCTION

1. Appointment

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"). The outsourced Internal Auditors report directly to the Audit Committee, which is delegated by the Board, to provide the Board with a reasonable assurance of the adequacy of the scope, competency and resources of the IA function. The purpose of the IA function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

2. IA Activities

The IA reporting format can broadly be segregated into three (3) main areas as follows:-

(a) IA Plan of the Group

At the beginning or prior to the financial year, the IA Plan of the Group is presented to the Audit Committee by Sterling for discussion and adoption before recommending to the Board of Directors for notation.

AUDIT COMMITTEE REPORT (CONT'D)

D. IA FUNCTION (CONT'D)

2. IA Activities (Cont'd)

(b) Regular IA Reports

IA reports are reviewed and adopted by the Audit Committee. During the FY2022, Sterling has reviewed critical business processes, identifying risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and highlighted the weaknesses together with the recommended corrective actions to the internal control process. This is to provide reasonable assurance that such a system continues to operate satisfactorily and effectively within the Group.

For the FY2022, the following subsidiary of the Group was audited by Sterling:-

Name of Entity audited by Sterling	Date of IA Report
PCCS Garments (Shandong) Limited	22 November 2021

(c) Follow-up Reports

In addition, follow-up audit review was conducted on the implementation of recommendations from previous cycles of IA and has updated the Audit Committee on the status of the Management-agreed action plan.

For the FY2022, Sterling presented their status report: follow-up actions on previously reported audited findings in respect of the following subsidiary of the Group:-

Name of Entity followed-up by Sterling	Date of IA Status Report
PCCS Garments (Shandong) Limited	21 February 2022

3. Total costs incurred for the FY2022

The total costs incurred for the IA function of the Group for the FY2022 was RM19,000/- (2021: RM14,000/-).

4. IA Charter

Pursuant to Paragraph 15.12(1)(e) and (f) of the Main LR of Bursa Malaysia Securities, the Audit Committee is required to review and report to the Board of Directors the following in respect of IA:-

- The adequacy of the scope, competency and resources of the IA functions and that it has the necessary authority to carry out its work; and
- The IA plan, processes, and results of the IA assessments, and the reviews undertaken to ensure that corrective actions are being implemented accordingly.

The Audit Committee had adopted an IA Charter in order to enable the Audit Committee to discharge its abovementioned roles.

AUDIT COMMITTEE REPORT (CONT'D)

D. IA FUNCTION (CONT'D)

4. IA Charter (Cont'd)

The IA Charter contained the following key items:-

- Objectives and scope of work of Internal Auditors;
- Outsourced IA Function;
- Terms of Reference for IA Function;
- Authority limit;
- Reporting procedures;
- Objectivity and independence;
- IA Function Administration;
- Oversight functions of the Audit Committee in relation to IA Function; and
- Frequency of the review of IA Charter.

The IA Charter has been adopted on 27 May 2016.

5. Review of IA Function

With the adopted IA Charter to serve as a guiding document, the Audit Committee has performed a review on the IA Function during the FY2022. For the FY2022, the Audit Committee concluded that the IA function is independent and satisfactory, and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“**the Board**”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 March 2022 (“**FY2022**”) pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Main LR**”), Malaysian Code on Corporate Governance 2021 (“**MCCG**”) and “*Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers*”.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for safeguarding shareholders’ investment and the Group’s assets as well as reviewing its effectiveness, adequacy and integrity regularly by implementing and maintaining a sound and effective risk management framework and internal control system.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to the limitations that are inherent in any system of internal control, the Group’s system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or losses.

The Board, through the Audit Committee, ensures that the risk management and internal control practices are adequately implemented within the Group. Management is required to apply good judgment in assessing the risks faced by the Group, identifying the Group’s ability to reduce the incidence and impact of risks, and ensuring the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control as well as reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group’s risks within an acceptable risk profile, rather than to avoid or eliminate the risks that are inherent to the Group’s activities.

The reporting structure for Risk Management was restructured on 31 January 2018. The reporting structure consists of a Performance Management Review Team (“**PMRT**”) and a Risk Management Working Group (“**RMWG**”) to discharge the Risk Management function of the Group on behalf of the Board.

The composition of the PMRT and RMWG are as follows:-

PMRT

Office	Name(s)
Leaders	Chan Wee Kiang and Tang Lai Huat
Independent Advisors	Piong Yew Peng and So Hsien Ying
Member	Tan Kwee Kee

RMWG

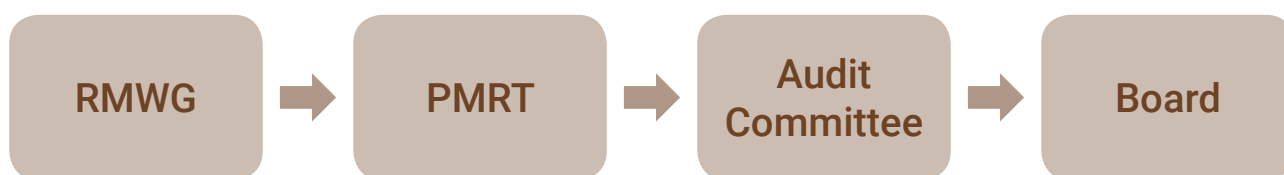
Office	Name(s)
Leaders	Tan Kwee Kee
Members	Chan Wee Boon, Goh King Swee, Chen TianShen, Chong Cher Kung, Shi XiaoQun, Bernard Huang Jin Hui, Danny Chan Fook Chang, Sim Sian Ling, Jenny Jin Yanni, Ng Beng Hong, Teo Lee Ping, Lee Hui Cheng, Phua Chee How, Daniel Pua Kian Boon, Daniel Ng Kok Hoe, Loy Heng Ye, Tan Chor Hian, Jessica Gan Pei Heng, Tan Kee Wai

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

RISK MANAGEMENT (CONT'D)

The RMWG is reporting to PMRT in respect of the identified risks and PMRT will report directly to the Audit Committee. The RMWG has been delegated to oversee the risk management function and implement the control measures, update the Risk Registry and perform ongoing risk management implementation. PMRT is tasked to set performance measures, review the Risk Registry and assess the effectiveness of the risk management framework.

The reporting structures for the risk management are as follows:-



The Board has approved and adopted a Risk Management Handbook since 23 August 2013. The Risk Management Handbook entails the following chapters:-

- (1) Risk Management – Type of Risks and Benefits of Risk Management;
- (2) Terms of Reference and Reporting Structure;
- (3) Roles and Responsibilities;
- (4) Risk Management Framework;
- (5) Risk Measurement (Labels & Stickers Division);
- (6) Risk Measurement (Garment Division); and
- (7) Implementing Risk Management Process.

For the FY2022, the Audit Committee and the Board had received and reviewed the Risk Registry of the Company at Corporate Level, Apparels Division (Cambodia and China) and Labels & Stickers Division (Malaysia and Cambodia), including assessment of any possible corporate liabilities risks and corruption risk in its annual risk assessment of the Group pursuant to the Paragraph 15.29(1)(c) of the Main LR. The risk factors identified and deliberated were assigned to the respective heads of subsidiaries and risk owners to implement the risk control measures.

For the FY2022 and up to the date of this Statement, the PMRT has held four (4) meetings with the Audit Committee, while the RMWG has held four (4) meetings.

The Board has empowered the Management to implement the Board's policies and guidelines on risks and controls, identify and evaluate the risks faced by the Group, and operate a suitable system of internal controls to manage these risks.

The Board has received assurances from Management that the Group's system of Risk Management and Internal Control is operating adequately and effectively throughout the financial year under review.

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

INTERNAL AUDIT FUNCTION

The Group had appointed an independent consulting firm namely, Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**") as Internal Auditor to undertake its internal audit function and reports directly to the Audit Committee on quarterly basis.

The profile of Sterling is set out as follows:-

Principal Engagement Lead	:	Ms. So Hsien Ying
Qualifications	:	Certified Internal Control Professional (US), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate Member of Institute of Internal Auditors Malaysia (" IIAM ")
Experiences	:	Twenty-eight (28) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review
Number of resources	:	each internal audit review ranges from three (3) to four (4) staff per visit

Sterling is a corporate member of the IIAM. Sterling uses the Committee of Sponsoring Organisations of the Treadway Commission ("**COSO**") Internal Control-Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.

FY2022, Sterling's engagement team personnel have affirmed to the Audit Committee that in relation to the Company/ Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independence.

Based on internal audit reviews conducted, Sterling presented observations and recommendations, together with Management's responses and proposed action plans, to the Audit Committee for review. In addition, the Internal Auditor followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plans.

During the FY2022, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

For the FY2022 and up to the date of this Statement, two (2) internal audit reviews were carried out, and one (1) follow-up status was reported by Sterling to the Audit Committee:-

Audit Period	Reported in	Audited Areas
2 nd Quarter (Jul 2021 – Sep 2021)	Nov 2021	PCCS Garments (Shandong) Limited (Manufacturing/ Production, Inventory Management Functional Areas)
3 rd Quarter (Oct 2021 – Dec 2021)	Feb 2022	Follow-up status update on: PCCS Garments (Shandong) Limited (Manufacturing/ Production, Inventory Management Functional Areas)
4 th Quarter (Jan 2022 – Mar 2022)	May 2022	Wan He Da Manufacturing Company Limited (Merchandising, Production, Quality Control, Finance and Accounts Functional Areas, Human Resources related to Production)

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

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the FY2022, and up to the date of this Statement:-

- **Organisational Structure**

The Group has a well-defined organisational structure that is aligned with its business and operation requirements. Clearly defined lines of accountability, a delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.

- **Limits of Authority**

Authority charts have been established within the Group to provide a functional framework of authority in approving sales orders, purchases, expenses and capital expenditures.

- **Review of Financial and Operational Performance**

The Group's performance is monitored through a budgeted system which requires all material variances to be identified, discussed and reviewed by Management on a regular basis.

The Corporate Controller ("CC") would table the same to the Audit Committee and the Board for review and comments at the quarterly held Audit Committee and Board Meeting, respectively.

The Board reviews the Group's financial and operational performance quarterly, which analyses the Group performance against the preceding year corresponding quarter performance.

- **Employee Handbook**

A comprehensive "Employee Handbook" is developed to foster long-lasting and harmonious working relationships among the employees and set out the rules and regulations to be adhered to by the employees in performing their duties. The manual is regularly reviewed to incorporate changes that will enhance working efficiency.

- **Standard Operating Policies and Procedures ("SOPP")**

Numerous SOPPs have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed on a regular basis to reflect changing risks or to resolve any operational deficiencies. It also promotes efficiency and accountability for the Group.

- **Health, Safety and Environment Manual and Covid-19 Standard Operating Procedures**

Adopting stringent monitoring controls on environmental, safety and health which are of utmost importance to the employees and business. This was enhanced by the "Health, Safety and Environment Manual" and "Covid-19 Standard Operating Procedures" for a safe working environment for all employees. Besides, monitoring control and measures include clear documented procedures, delegation of duties and responsibilities, schedule of tasks and implementation of control measures.

- **Staff Training and Development Programmes**

Training and development programmes are established to ensure that staff is constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

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

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **Internal Quality Audits**

Regular Internal Quality Audit is conducted as required by the ISO 9001:2015 Quality Management System on certain subsidiaries. This ensures that internal procedures and standard operating procedures had been implemented and documented.

- **Corporate Liabilities Risk**

Implemented Anti-bribery and Corruption Policy and Whistle Blowing Policy to supplement the Group's Code of Ethics. This is also part of the Group's efforts to eliminate corporate liabilities risk in relation to the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and CC that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the FY2022, and up to the date of this Statement.

CONCLUSION

For the FY2022 and up to the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

This Statement of Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 22 July 2022.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main LR, the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT have reviewed this Risk Management and Internal Control Statement. The review was performed in accordance with Audit and Assurance Practice Guides (AAPGs) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared in compliance with the requirements of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Main LR of Bursa Malaysia Securities**"), and the applicable approved accounting policies.

The Directors are responsible to prepare annual financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year then ended.

In preparing the financial statements of the Group and the Company for the financial year ended 31 March 2022, the Directors are in the opinion that the Group and the Company have: -

- used appropriate accounting policies and were consistently applied;
- made reasonable and prudent judgments and estimates;
- ensured that all applicable approved accounting standards in Malaysia have been followed; and
- prepared the financial statements based on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors have relied on the system of Internal Controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose the financial position of the Group and the Company with reasonable accuracy, and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2016, the Main LR of Bursa Malaysia Securities, and the applicable approved Malaysian Accounting Standard Board approved accounting standard in Malaysia.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This statement on Directors' Responsibility in relation to the Financial Statements is made in accordance with the resolution of the Board of Directors dated 22 July 2022.

OTHER INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

AUDIT AND NON-AUDIT FEES

For the financial year ended 31 March 2022 (“FY2022”), the amount incurred by the Group and the Company with respect to audit fees and non-audit related fees paid to the External Auditors are as follows: -

	FYE	
	Company (RM)	Group (RM)
Audit services rendered	96,000	408,029
Non-audit services rendered		
(1) Tax Review and Services	3,450	30,430
(2) Review of the Statement of Risk Management and Internal Control	5,000	5,000
(3) Physical count of inventories	–	4,180
(4) Certifying the stock statements	–	2,120
Total	104,450	449,759

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal other than Employees’ Share Option Scheme (“ESOS”) during the FY2022.

ESOS

The Group has established and implemented ESOS with effect from 16 December 2019 and the ESOS is governed by its By-Laws approved by the shareholders at an Extraordinary General Meeting held on 26 August 2019 and shall be in force for a duration of five (5) years.

The information in relation to the ESOS are set out in the table below:-

Description	Total number of Options as at 31 March 2022	
	All Eligible Employees including Directors and Chief Executive	Directors and Chief Executive
(1) Options granted	9,789,000	2,150,000
(1) Options exercised	4,928,400	760,000
(1) Options outstanding	1,920,600	1,390,000

In accordance to the Company’s By-laws, not more than seventy per centum (70%) of the Company’s ordinary shares available under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group. The percentage of options granted to the Directors and senior management are set out in table below:-

Options granted to the Directors and senior management	Number of Options (FY2022)	Number of Options (Since commencement of ESOS up to 31 March 2022)
Aggregate maximum allocation in percentage	70.00%	70.00%
The actual percentage granted	5.38%	12.52%

OTHER INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

ESOS (CONT'D)

For the FY2022, 720,000 units of ESOS Options were granted to the Non-Executive Directors (“NED”) and the following NED has exercised the ESOS Options. The breakdown of the options exercised during the FY2022 is set out in table below:-

No.	Name of directors	Number of Options granted	Number of Options vested	Number of Options exercised
1.	Chan Chow Tek	140,000	140,000	140,000
2.	Dato' Chan Chor Ngiak	160,000	160,000	-
3.	Chan Chor Ang	140,000	140,000	-
4.	Julian Lim Wee Liang	140,000	140,000	-
5.	Piong Yew Peng	140,000	140,000	-
	Total	720,000	720,000	140,000

MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, Chief Executive and major shareholders have entered into any material contracts with the Company and/or its subsidiaries during the FY2022.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

The Company intends to seek its shareholders' approval to renew the existing shareholders mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature (“RRPTs”) with the related parties which are necessary for the day-to-day operation and are in the ordinary course of business of the Group at the Twenty-Eighth Annual General Meeting of the Company.

The renewal of Shareholders' Mandate, details as disclosed in the Circular to Shareholders dated 29 July 2022 will be sent together with this 2022 Annual Report.

Details of the RRPTs occurred during the FY2022 are disclosed in Note 33 to the Financial Statements set out on pages 185 and 186 of this 2022 Annual Report.

SUSTAINABILITY STATEMENT

ABOUT PCCS' SUSTAINABILITY STATEMENT

PCCS Group Berhad (hereby known as “PCCS” or the “Group”) has made continuous efforts to instil sustainability at the core of our business. With this fifth consecutive annual sustainability statement, we reiterate our commitment to creating long-term value across the Group’s operations through sustainable development, focusing on our Environment, Social, and Government (“ESG”) performance.

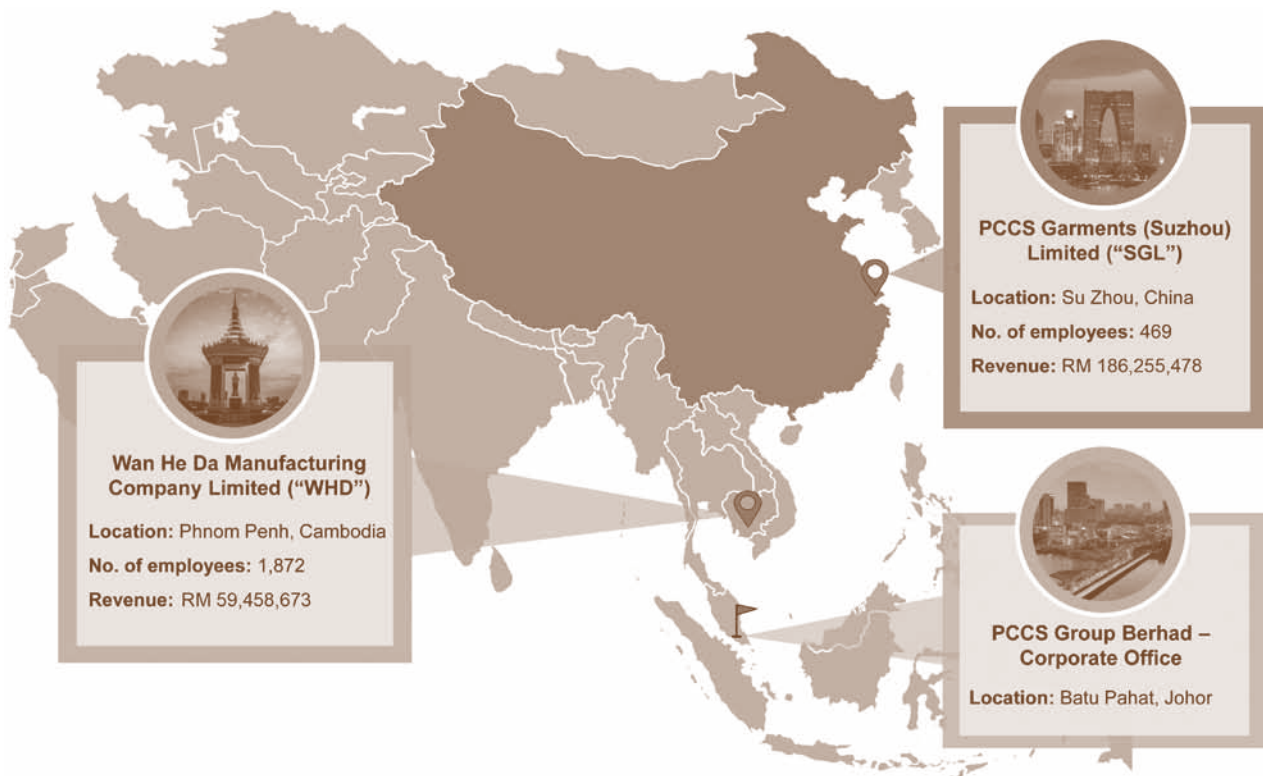
This year continued to pose challenges due to the ongoing battle against the coronavirus (“Covid-19”) pandemic. Disruptions in supply chains, changes in working arrangements, employees’ mental and emotional health and changes to customers’ buying trends are among the challenges faced by PCCS in financial year ended 31 March 2022 (“FY2022”).

Amidst the pandemic-related disruptions, we have conducted a materiality reassessment to account for the shifts in priorities and maintain the continued trust of our stakeholders. Further information on the materiality assessment can be found on page 67.

Year-on-year, we strive to illustrate maturity in our management approach to ESG matters and transparent reporting to our valued stakeholders. Where pertinent, we will disclose three (3) years of quantitative data for comparability and highlight any progress made.

Reporting Boundary and Scope

PCCS is headquartered in Batu Pahat, Johor, Malaysia, with subsidiaries in Cambodia, China and Malaysia. Disclosures in this statement will focus on the Group’s two (2) apparel manufacturing facilities located in Su Zhou, China and Phnom Penh, Cambodia covering the FY2022, which from 1 April 2021 to 31 March 2022 and Johor Corporate Office have only included disclosures for the *Community Engagement* material matter. All monetary values reported are in Ringgit Malaysia (RM) unless otherwise stated.



SUSTAINABILITY STATEMENT (CONT'D)

Reporting Framework

In presenting a balanced, comparable and meaningful report, this statement has been prepared as per Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements, specifically referencing the Bursa Securities 2nd Edition Sustainability Reporting Guide. We referred to the Global Reporting Initiative (“**GRI**”) Standards and the United Nations Sustainable Development Goals (“**UN SDGs**” or “**SDGs**”) to structure the format and content of our ESG disclosures.



Feedback

To maintain an open channel with stakeholders to improve and adapt our ESG reporting and strategies, we welcome and encourage stakeholders’ feedback. For any questions, concerns or comments, please contact:

Mr. Tang Lai Huat Corporate Controller

lhtang@pccsgroup.net PCCS Group Berhad,
Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim,
Malaysia

Accessibility

The statement forms part of our Annual Report which is accessible through our corporate website, <http://www.pccsgroup.net/> under the ‘Investor Relations’ section. For a comparable and effective report, we have included three (3) years of quantitative data where available.

Membership Associations

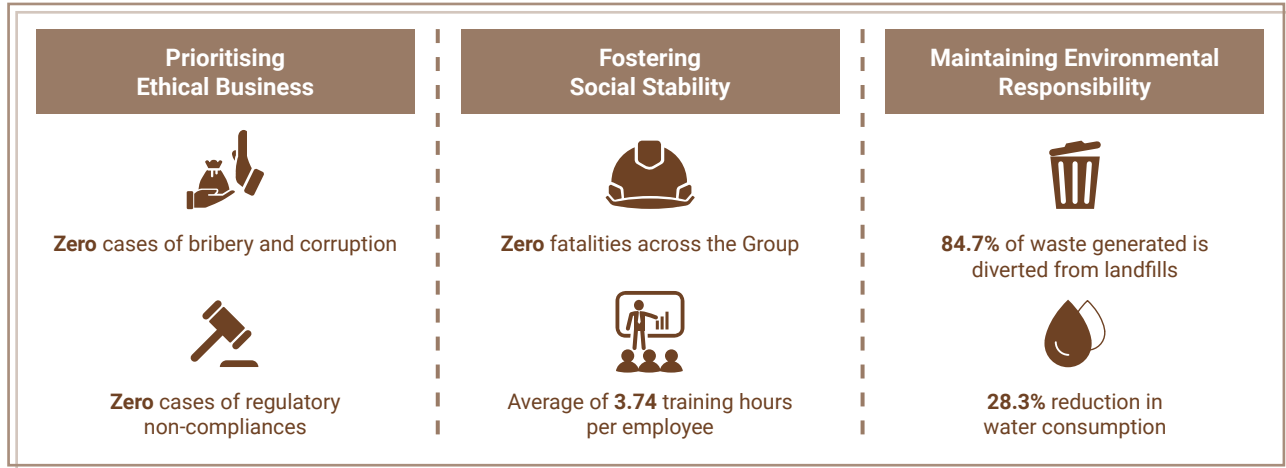
PCCS advocates for the integration of ESG with daily business operations and has actively participated with our industry peers through memberships with the following industry associations:

Country	Subsidiary	Association
Cambodia	Wan He Da Manufacturing Company Limited	Garment Manufacturers Association in Cambodia
China	PCCS Garments (Suzhou) Limited	Wu Jiang Foreign Investors Association

SUSTAINABILITY STATEMENT (CONT'D)

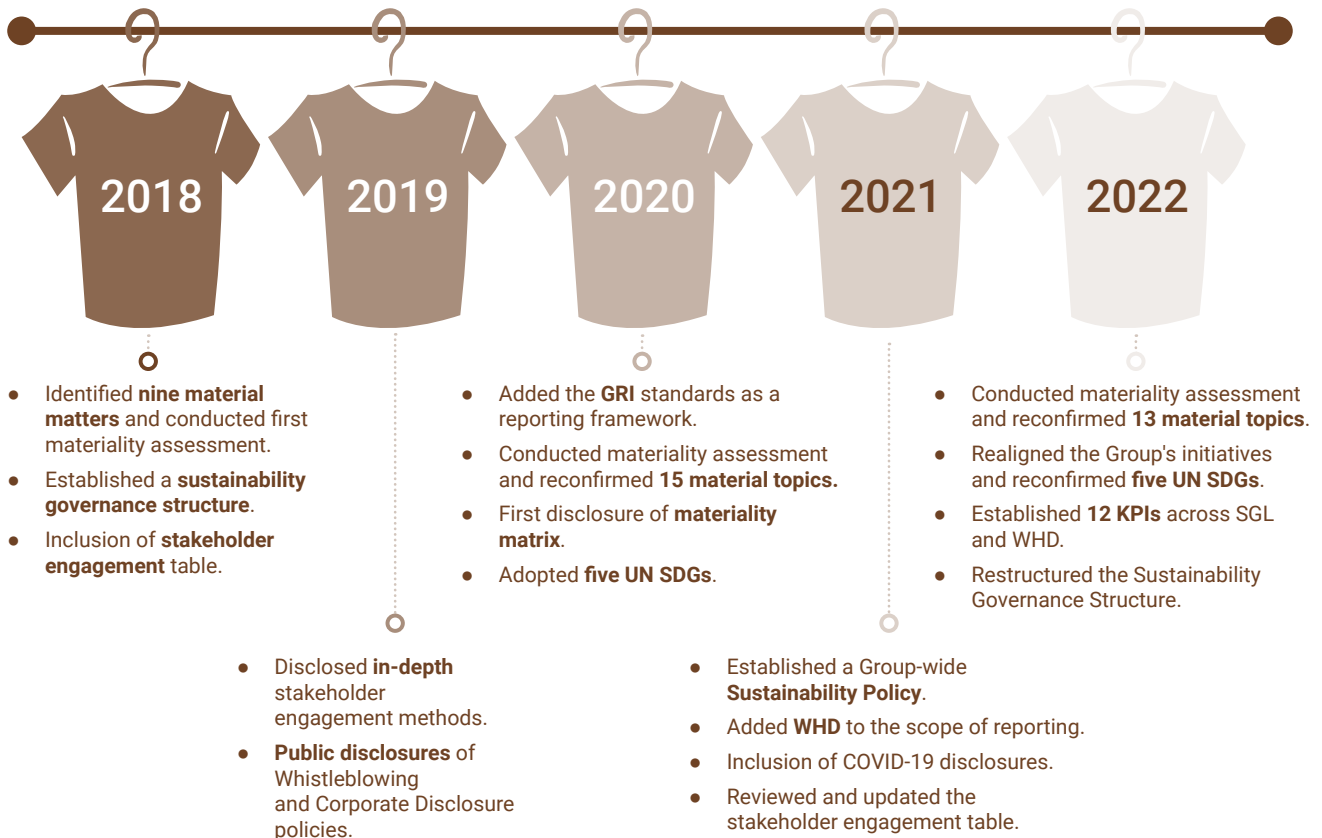
Key Highlights FY2022

Report Highlights FY2022



SUSTAINABILITY STEWARDSHIP

PCCS Sustainability Reporting Journey



SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Policy

The Group strives to embed sustainability throughout day-to-day operations and align sustainable strategies with our vision, mission and core values. To achieve this, PCCS has implemented a group-wide Sustainability Policy in financial year ended 31 March 2021 (“FY2021”) which falls under the purview of the Board. The Sustainability Policy consists of 15 tenets for our ESG practices and strategies:

Tenets of Sustainability Policy

1	Manufacturing quality products that sustain customer satisfaction and support long-term value creation	8	Complying fully with all regulatory and legal requirements that PCCS subscribes to across the markets we operate in
2	Supporting local economic growth by providing business opportunities to local enterprises to the greatest extent possible	9	Respecting and protecting employee rights, and providing equal opportunity to all
3	Procuring products and supplies that are environmentally friendly in order to minimise the Group's environmental impact	10	Allocating resources and organising capacity-building programmes to support employee development and growth
4	Incorporating the latest technological innovations to enhance production efficiency	11	Protecting customer data and privacy against unauthorised access and use
5	Upholding the highest standards of ethical business conduct and act with integrity in everything we do	12	Strengthening the bond between the Group and our stakeholders through regular engagement activities
6	Enforcing proper waste management practices across our operations to minimise adverse impacts on the environment and surrounding communities	13	Optimising our business activities to minimise unnecessary resource consumption
7	Fostering a safe workplace for our employees through the implementation of health and safety best practices across our factories and offices	14	Preventing all forms of bribery and corruption across the Group
		15	Implementing initiatives to limit our contribution to climate change and anthropogenic greenhouse gas emissions

SUSTAINABILITY STATEMENT
(CONT'D)

United Nations Sustainable Development Goals

Malaysia has highlighted its resolve to ingrain sustainability into future strategies by introducing the Twelfth Malaysia Plan 2021 – 2025 and is a signatory nation of the Paris Climate Agreement, setting Malaysia on a path to building a prosperous, inclusive and sustainable future nation.

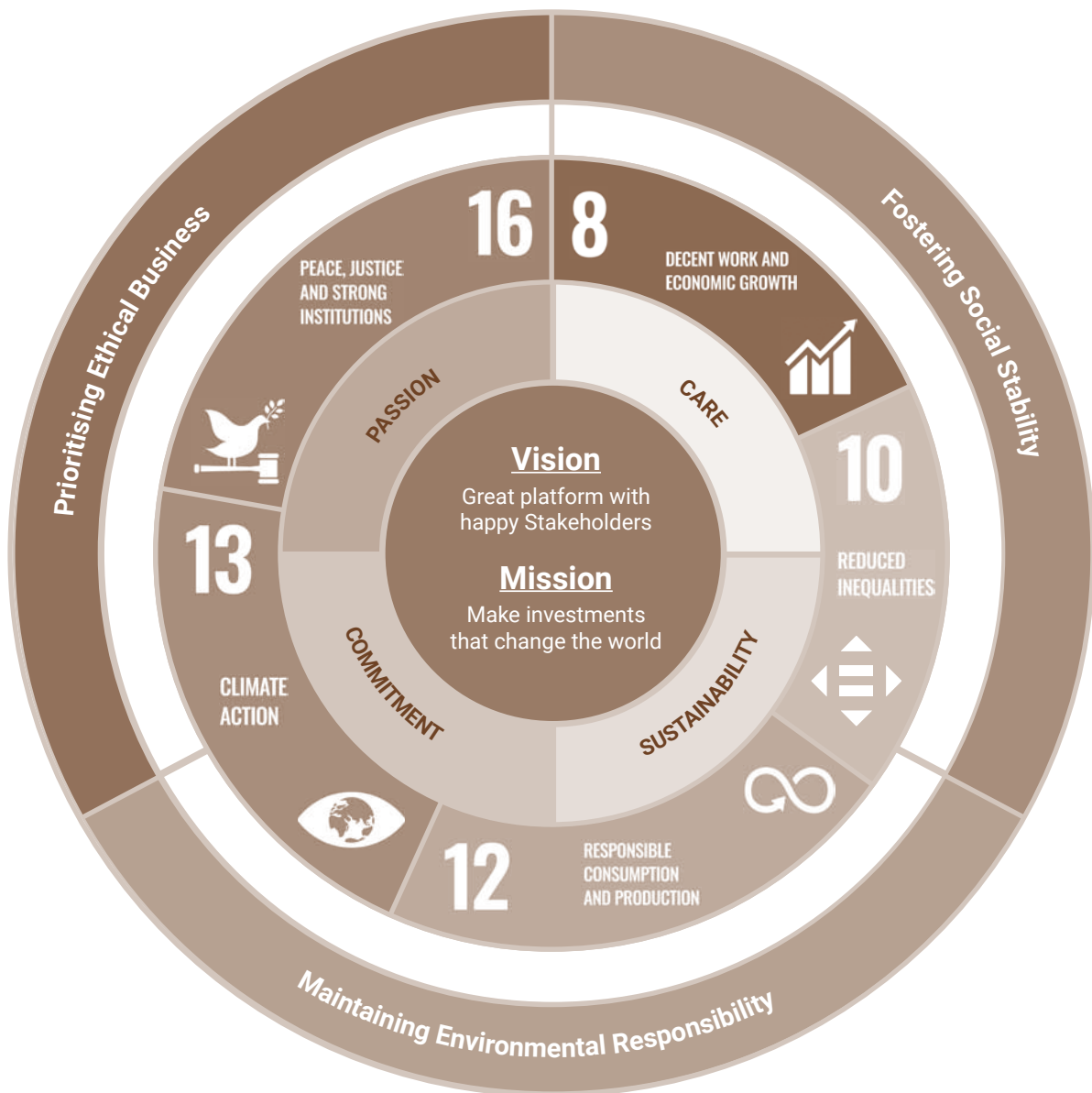
PCCS, as a Malaysian-based operation, recognises and embraces our responsibility to contribute to these goals. Since financial year ended 31 March 2020 (“FY2020”), PCCS has adopted five (5) UN SDGs and in FY2022, we have reviewed and realigned our adopted UN SDGs to better reflect our current and future initiatives. We have newly adopted UN SDG 10 – Reduced Inequalities and UN SDG 16 – Peace, Justice, and Strong Institutions in FY2022.

<p>8 Decent Work and Economic Growth</p> <ul style="list-style-type: none"> • Zero workplace fatalities. • 8,589.5 hours of training and development provided. • Zero cases of Human Rights violations. 	<p>10 Reduced Inequalities</p> <ul style="list-style-type: none"> • Zero discrimination cases reported. • Equal employment and career development opportunities. • 76% female staff. 
<p>12 Responsible Consumption and Production</p> <ul style="list-style-type: none"> • 84.7% of waste generated is diverted from landfills. • 28.3% reduction in water consumption. • 58% decrease in hazardous waste generation. 	
<p>13 Climate Action</p> <ul style="list-style-type: none"> • 1,128,000 kWh of electricity generated from SGL was from renewable sources. • WHD has replaced most fluorescect lightning with LED light bulbs 	<p>16 Peace, Justice and Strong Institutions</p> <ul style="list-style-type: none"> • Zero cases of bribery and corruption reported. • 100% new hires received training on ABAC policy. • Implemented grievance suggestion boxes. 

SUSTAINABILITY STATEMENT
(CONT'D)

Sustainability Commitment









Our approach to sustainability stems from our mission to make investments that can foster a sustainable future for all, supported by our core values: Passion, Care, Commitment and Sustainability. We are committed to progressively transforming the future by implementing initiatives to manage our business's economic, social, governance and environmental aspects.



SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Key Performance Indicators ("KPIs")

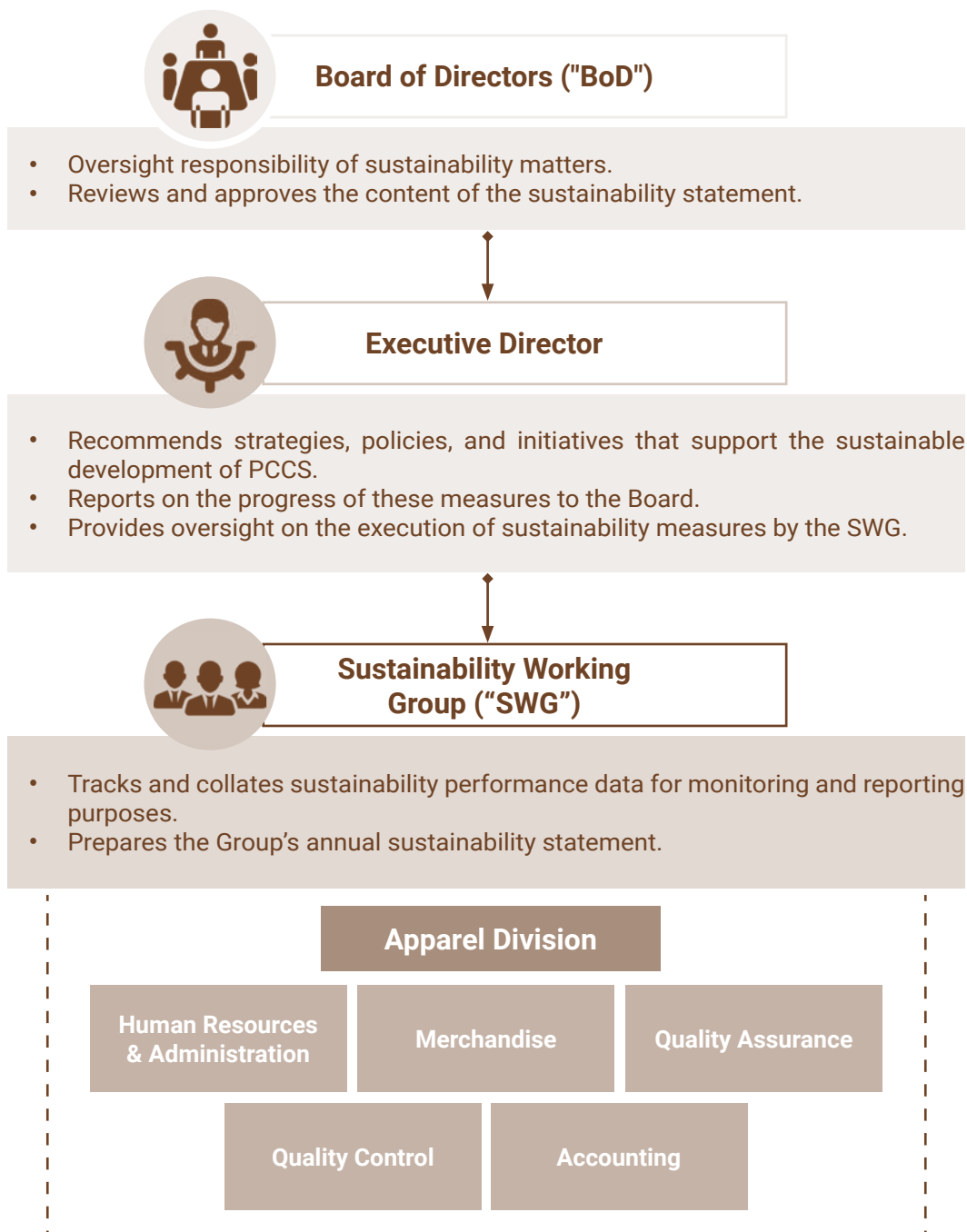
In FY2022, we expanded our sustainability efforts by developing KPIs, providing clear, specific and quantifiable goals to improve our ESG performance year-on-year. Though in FY2021, the Group had set environmental targets set; in FY2022, we included KPIs for our social and governance pillars to build a better cohesive strategy. Targets were set based on the three (3) sustainability pillars and the corresponding material matters and will be achieved by **2027** unless otherwise stated.

Material Matters	Division	KPIs	UN SDGs	Progress
Maintaining Environmental Responsibility				
Water Consumption	SGL	To reduce water consumption by intensity 3% . <i>(Baseline FY2020: 0.00288 m³/pcs)</i>		Achieved (0.0025 m ³ /pcs, 13.2%)
	WHD	To reduce water consumption intensity by 1% . <i>(Baseline FY2020: 0.00464 m³/pcs)</i>		Achieved (0.0029 m ³ /pcs, 37.5%)
Climate Change	SGL	To reduce overall electricity consumption by 2% . <i>(Baseline FY2020: 1,263,415 kWh)</i>		Not Achieved (1,464,615 kWh, 16% increase)
Fostering Social Stability				
Occupational Health and Safety	SGL & WHD	Zero fatalities across the Group year-on-year.		Achieved
Labour Rights	SGL & WHD	Zero cases of discrimination reported year-on-year		Achieved
Talent Attraction and Retention	SGL & WHD	Achieve an average of 3 hours of training per employee year-on-year.		Achieved (SGL= 3.6 hours, WHD= 3.8 hours)
	SGL	Reduction of staff turnover rate by 25%. <i>(Baseline FY2021: 51.2%)</i>		Achieved (43.2%)
	WHD	Reduction of staff turnover rate by 3.5% . <i>(Baseline FY2021: 81%)</i>		Achieved (59%)
Customer Privacy and Data Protection	SGL & WHD	Zero cases of customer data mismanagement and breaches year-on-year.		Achieved
Responsible Sourcing	WHD	100% on time payment to suppliers.		Not Achieved (72%)
Prioritising Ethical Business				
Ethics and Integrity	SGL & WHD	20% of employees trained on ABAC Policy, Code of Conduct and other relevant Group-wide policies and procedures year-on-year.		Not Achieved (10%)
Regulatory Compliance	SGL & WHD	Zero non-compliances of applicable laws and regulations year-on-year.		Achieved

SUSTAINABILITY STATEMENT
(CONT'D)

Sustainability Governance Structure







PCCS' sustainability governance structure was established in the financial year ended 31 March 2018 ("FY2018") to ensure our commitments to our stakeholders are upheld with the utmost integrity, accountability and transparency. For FY2022, the governance structure was revised to account for the strategic changes within the Group's operations. The new sustainability governance structure comprises the Sustainability Working Group ("SWG"), which the Group's Executive Directors. The Board of Directors ("BoD") has oversight responsibility of sustainability matters within the Group.



SUSTAINABILITY STATEMENT (CONT'D)

Commitment to Our Stakeholders

PCCS values stakeholders' input and is committed to engaging in constructive and meaningful dialogue with our stakeholders. Open communication channels allow us to maintain trust, leverage their expertise and gain insights on pressing issues. We have maintained regular engagement with our six (6) stakeholder groups that have the most influence and are most affected by our business operations. The salient issues for each stakeholder and our responses are presented below:

		Legend			
		■ Ad hoc	■ Monthly	■ Annually	■ Throughout the year
	Key Areas of Concern	How We Respond		Method of Engagement	
 Customers	<ul style="list-style-type: none"> High-quality and safe products Customers rights Consumer engagement 	<ul style="list-style-type: none"> Conducting internal audits throughout the manufacturing process to ensure the highest product quality. Investing in new machinery that reduces lead times to meet customer demands efficiently. 		<ul style="list-style-type: none"> Customer satisfaction surveys Face-to-face meetings and on-site visits Plant tours 	
 Employees	<ul style="list-style-type: none"> Employees' compensation and benefits Career development Business compliance 	<ul style="list-style-type: none"> Implementing strict health and safety practices and procedures. Providing training and development programmes to support personal and career growth. Comprehensive employee healthcare benefits and competitive remuneration packages. Safeguarding employees' rights through implementation of various policies and procedures. 		<ul style="list-style-type: none"> Emails, noticeboards, employee engagement activities Meetings and training Performance reviews 	
 Shareholders & Investors	<ul style="list-style-type: none"> Return on investment Corporate governance Business compliance 	<ul style="list-style-type: none"> Maintaining robust corporate governance through internal policies such as the Anti-Bribery and Anti-Corruption ("ABAC") Policy, the Group's Code of Conduct and Whistleblowing Policy and Procedures 		<ul style="list-style-type: none"> Reports and announcements Annual General Meetings Corporate website 	
 Government & Regulatory Authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Anti-corruption practices Waste management 	<ul style="list-style-type: none"> Maintaining compliances with regulatory and statutory requirements in each country we operate. Ensuring relevant legal register is up-to-date. Implementing a work culture with strong sense of ethics and integrity. 		<ul style="list-style-type: none"> Inspections Reports Compliance checks 	
 Suppliers	<ul style="list-style-type: none"> Far and open procurement Maintaining long-term relationships Compliance with relevant laws and regulations 	<ul style="list-style-type: none"> Maintaining open communications with our vendors and suppliers. Ensuring vendors and suppliers comply with our human rights and environmental policies and requirements. 		<ul style="list-style-type: none"> Open tendering Suppliers' satisfactory assessment Face-to-face meetings and on-site visits Industry seminars 	
 Local Community	<ul style="list-style-type: none"> Contribution to communities Business compliance Environmental protection awareness 	<ul style="list-style-type: none"> Contributing and engaging with the local communities through donations, development programmes, relief efforts, etc. 		<ul style="list-style-type: none"> Responses to enquiries Public welfare activities 	

SUSTAINABILITY STATEMENT (CONT'D)

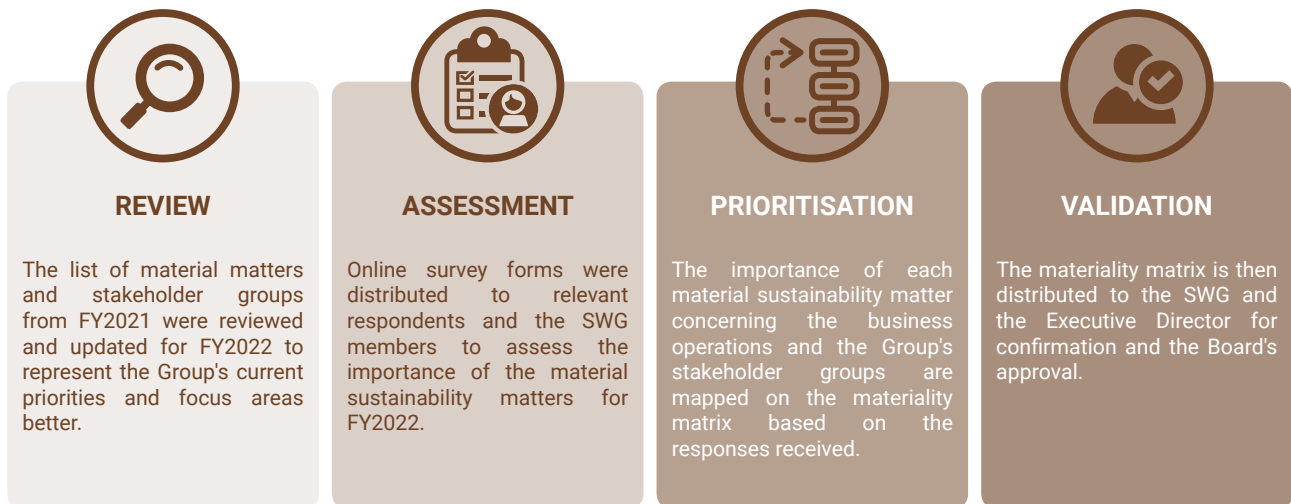
Material Sustainability Matters

PCCS conducted its first materiality assessment in the FY2018 with nine (9) identified material sustainability matters. Since then, we have conducted annual reviews of our material matters and materiality matrix to account for changes in stakeholder expectations and manage any emerging internal and external challenges.

For FY2022, we have consolidated, removed and renamed the material matters and sustainability pillars to better reflecting the Group's current priorities and strategies. The list below highlights the changes made:

- Renamed
 - i. The sustainability pillars were renamed from the four (4) pillars in FY2021: *Fostering Economic Stability, Building Our Workforce and Community, Governance and Compliance* and *Prioritising Environmental Sustainability* to **three (3) sustainability pillars: Maintaining Environmental Responsibility, Fostering Social Stability and Prioritising Ethical Business.**
 - ii. Labour Rights has been renamed to **Human Rights and Labour Standards.**
- Consolidated
 - i. Consolidated Innovation and Product Quality and Responsibility to **Product Quality and Innovation.**

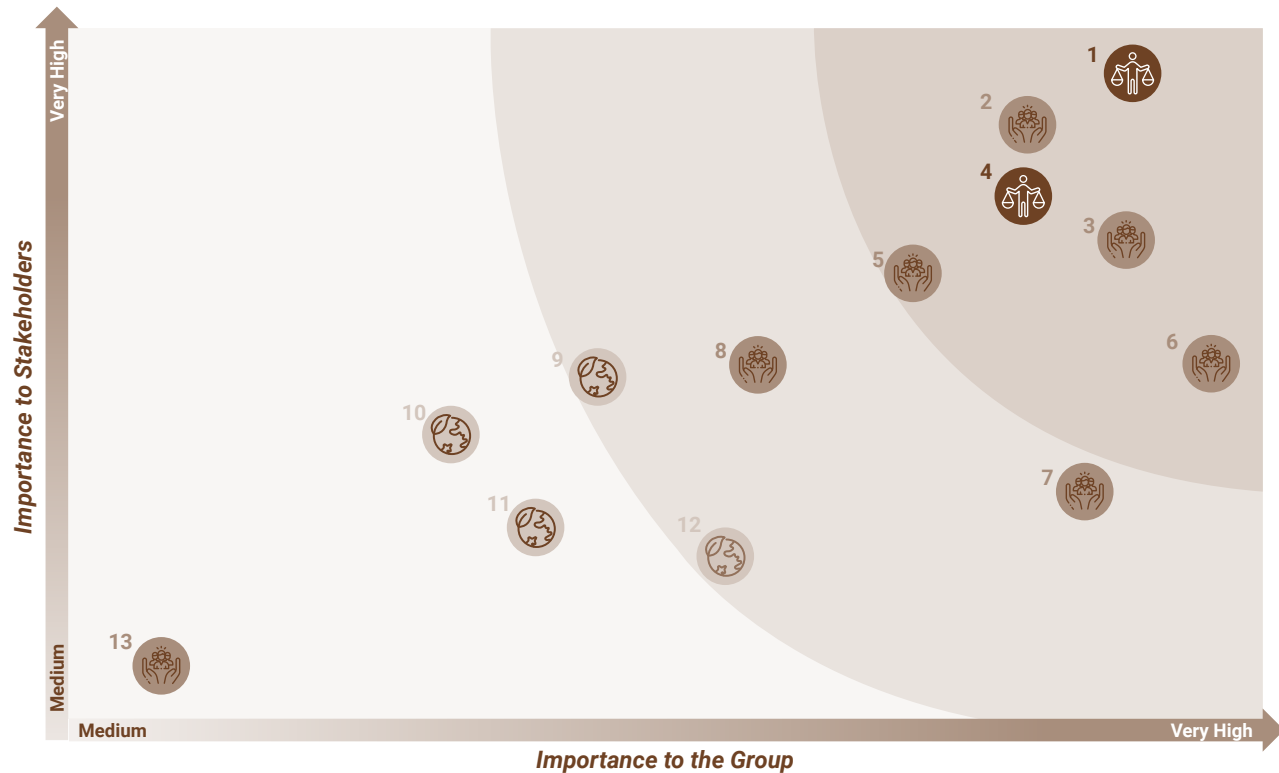
After the reassessment, we have identified thirteen (13) material matters for FY2022. The methodology used for our materiality assessment process is summarised below:



SUSTAINABILITY STATEMENT (CONT'D)

Material Sustainability Matters (Cont'd)

The Materiality Matrix



 Fostering Social Stability	 Prioritising Ethical Business	 Maintaining Environmental Responsibility
2 Customer Privacy & Data Protection	1 Regulatory Compliance	9 Water Consumption
3 Human Rights & Labour Standards	4 Corporate Governance, Ethics & Integrity	10 Waste Management
5 Occupational Health & Safety		11 Climate Change & Energy Consumption
6 Product Quality & Innovation		12 Material Consumption
7 Talent Attraction & Retention		
8 Responsible Sourcing		
13 Community Engagement		

From the thirteen (13) material matters, six (6) were ranked matters of very high importance for FY2022 which were *Regulatory Compliance, Customer Privacy and Data Protection, Human Rights and Labour Standards, Corporate Governance, Ethics and Integrity* and *Occupational Health and Safety*.











The most notable change was *Customer Privacy and Data Protection* which was elevated from high importance to very high importance which corresponds to the increasing digitalisation of the business operations and the relevancy of data protection during the on-going Covid-19 pandemic.

SUSTAINABILITY STATEMENT (CONT'D)

Material Sustainability Matters (Cont'd)

Mapping Our Material Sustainability Matters







To demonstrate the interconnectivity of our sustainability efforts and commitments, we mapped the material sustainability matters against the Groups adopted UN SDGs, relevant stakeholder groups and the relevant GRI indicators.

Material Matters	Our Approach	GRI Indicators	UN SDGs	Stakeholder Groups
Prioritising Ethical Business				
Corporate Governance, Ethics and Integrity	The Group is guided by a robust governance structure and upholds high standards of ethics and integrity in our business conduct. We have also implemented an extensive array of policies, codes and procedures to ensure PCCS and those we engage with operate ethically.	<ul style="list-style-type: none"> GRI 205: Anti-Corruption 	 	
Regulatory Compliance	We have established mechanisms to ensure the Group's compliance with applicable laws and regulations and to account for any changes in the regulatory landscape.	<ul style="list-style-type: none"> GRI 3: Material Topics 		
Maintaining Environmental Responsibility				
Material Consumption	PCCS strives to efficiently utilise raw materials in the manufacturing of our end products and to minimise and avoid material wastages where possible.	<ul style="list-style-type: none"> GRI 301: Materials 		
Water Consumption	PCCS aims to manage our water consumption efficiently across our operations using adopted measures to monitor and manage consumption.	<ul style="list-style-type: none"> GRI 303: Water and Effluents 		
Waste Management	The Group minimises our environmental and public health impacts by managing our waste generation per regulatory requirements and industry standards.	<ul style="list-style-type: none"> GRI 306: Waste 		
Climate Change and Energy Consumption	We look to mitigate our impacts on the environment and take action on climate change by adopting energy-efficient measures that minimise greenhouse gas emissions.	<ul style="list-style-type: none"> GRI 302: Energy GRI 305: Emissions 		

SUSTAINABILITY STATEMENT (CONT'D)

Material Sustainability Matters (Cont'd)

Mapping Our Material Sustainability Matters (Cont'd)

Material Matters	Our Approach	GRI Indicators	UN SDGs	Stakeholder Groups
Fostering Social Stability				
Customer Privacy and Data Protection	We safeguard our customers' data and privacy from data breaches with established policies and procedures across our subsidiaries.	<ul style="list-style-type: none"> GRI 418: Customer Privacy 		
Occupational Health and Safety	Measures are taken to protect the health and safety of our employees and maintain a safe and conducive working environment.	<ul style="list-style-type: none"> GRI 403: Occupational Health and Safety 		
Human Rights and Labour Standards	The Group respects the rights of employees and the community and implemented measures and procedures to safeguard their rights across our subsidiaries.	<ul style="list-style-type: none"> GRI 403: Labour Management Relations GRI 405: Diversity and Equal Opportunities GRI 406: Non-Discrimination GRI 202: Market Presence GRI 412: Human Rights Assessment 	 	
Product Quality and Innovation	PCCS adopts innovative solutions and incorporates the latest technologies and systems to ensure the quality of our products.	<ul style="list-style-type: none"> Non-GRI 	 	 
Responsible Sourcing	Our procurement practices seek to support the local economy by sourcing from local suppliers where possible. We also procure input materials from suppliers with high quality materials.	<ul style="list-style-type: none"> GRI 204: Procurement Practices 		
Talent Attraction and Retention	We engage with our workforce to boost morale and provide competitive benefits and compensation.	<ul style="list-style-type: none"> GRI 401: Employment GRI 404: Training and Education 		
Community Engagement	The Group allocates resources to contribute to a range of community initiatives to alleviate the challenges faced by vulnerable groups and communities surrounding our operations.	<ul style="list-style-type: none"> GRI 413: Local Communities 		

SUSTAINABILITY STATEMENT (CONT'D)

PRIORITISING ETHICAL BUSINESS

PCCS believes that operating with strong business ethics and integrity is imperative in maintaining trust with our stakeholders while managing operational risks and preempting potential ethical dilemmas or incidences of non-compliance. We achieve this through a stringent governance framework, policies and procedures.



Regulatory Compliance

PCCS enforces strict compliance throughout our operations by observing applicable regulatory and statutory laws of the countries within which we operate. PCCS has implemented various mechanisms across our markets to remain up-to-date with the evolving regulatory requirements as a multinational organisation.

SGL and WHD are committed to complying with applicable laws, rules and regulations, which include but are not limited to:

SGL	WHD
Company Law 2018	Law on Commercial Enterprises 2005
Employment and Labour Law 2020	Labour Law 2018
Environment Protection Law of the People's Republic of China 2018	Law on Environmental Protection and Natural Resources Management 1996

Our China operations conduct internal audits to ensure compliance with applicable laws and account for changes in regulatory requirements. Updates to the company's compliances are informed to employees through memorandums.

Likewise, WHD is also subjected to annual audits by Better Factories Cambodia for compliance with national labour laws. A report summarises key findings and highlights areas of non-compliance or weakness. A Compliance Management System has been implemented to ensure WHD's employment and occupational safety, health and environmental practices comply with statutory, regulatory and buyers' requirements. This system highlights the procedures for internal and external compliance audits of WHD and relevant external third parties in the event of a non-compliance incident.

Both subsidiaries experienced **zero (0) incidences** of reported non-compliance for FY2022.

Corporate Governance, Ethics and Integrity

PCCS operates with high standards of conduct and integrity by implementing various group-wide measures, procedures and policies. Additionally, we aligned our business affairs with responsible business practices and provided effective oversight of business strategies and decisions to reinforce the confidence of our stakeholders and investors.

Proactive Leadership

We have established best practice internal mechanisms and procedures to promote transparency and accountability throughout the value chain. The Board is guided by the Board Charter ("**the Charter**") based on elements of the Malaysian Code of Corporate Governance ("**MCCG**"). The Charter acts as a guide for the Directors regarding their roles and responsibilities as Board members and the various legislations and regulations enforced on the Board. The Charter also states the Group's support of gender diversity in the Boardroom. The Charter is reviewed periodically to ensure the practices and processes are consistent and relevant to prevailing codes, laws and corporate governance regulations.

Similarly, members of the three (3) Board Committees: Audit Committee, Nomination Committee and Remuneration Committee, are directed by the corresponding Terms of Reference ("**ToR**") for each of Committees that outlines the objective and responsibilities in assisting the Board.

SUSTAINABILITY STATEMENT (CONT'D)

Corporate Governance, Ethics and Integrity (Cont'd)

Proactive Leadership (Cont'd)

Other policies and procedures adopted by PCCS include:

Policy	Description
Corporate Disclosure Policy	Outlines the Group's disclosure requirements and practices in disseminating corporate information to and dealing with our stakeholders while maintaining compliance with relevant laws and regulations.
Directors' Remuneration Policy	Acts as a guidance in the process to determine remuneration packages for Directors and the Group's Managing Director and Deputy General Manager.
Succession Planning Policy	Ensures the Group has a steady supply of talented employees fit for high level management positions should they become vacant.
Internal Audit Charter	Examines and evaluates the effectiveness of the internal control systems and operating performance and quality, risks, and governance processes.

We strictly comply with our Cambodian operations' minimum wage laws and regulations. WHD's Human Resource team reviews the compensation and benefit procedures annually to keep them relevant and updated based on the country's labour laws and regulations. For FY2022, with the updates under *Prakas on the Minimum Wage for Garment and Footwear Workers* published by the International Labour Organisation (ILO), WHD has updated the annual wage, compensation and benefits provided to relevant employees.

Ethical Business Practices

PCCS places heavy emphasis on upholding high ethical standards in our business conduct and dealings to safeguard the Group's reputation. Numerous Group-wide policies and procedures govern all Directors and employees at all times. All codes and policies are reviewed from time to time where deemed necessary to ensure they remain relevant to current laws and regulations.

SUSTAINABILITY STATEMENT (CONT'D)

Corporate Governance, Ethics and Integrity (Cont'd)

Ethical Business Practices (Cont'd)

1. Anti-Bribery and Anti-Corruption ("ABAC") Policy

As per the Malaysian Anti-Corruption Commission ("MACC") Act 2009, PCCS maintains a comprehensive ABAC policy and management system which applies to all Directors, management, employees, intermediaries and third parties, including vendors and suppliers. Published in FY2020, the ABAC Policy adheres to relevant laws and governmental guidelines. The policy was implemented to prevent incidences of bribery and corruption within our operations. It acts as a guide regarding the roles and responsibilities of relevant parties in upholding the Group's position on bribery and corruption.

The ABAC policy outlines the Group's expectations pertaining to giving or receiving gifts or gratifications as defined by the MACC Act 2009. The key areas encompassed by the policy are:

- Gifts, entertainment and hospitality;
- Travel;
- Charitable donations and sponsorships; and
- Dealings with public officials.

Heads of Departments are responsible for circulating and enforcing the policy to employees across both subsidiaries. This extends to external third parties who are given a copy of the policy upon commencement of work with the Group and must observe the tenets of this policy to uphold an ethical value chain.

Annual ABAC training sessions are provided to employees to ensure their continued adherence to the policy and procedures and prevent occurrences of bribery and corruption. At SGL, **10%** of staff have received training on anti-corruption policies and procedures for FY2022. Whereas, at WHD, ABAC training is made compulsory during the induction programme for new hires. For FY2022, **6,435** new hires attended an ABAC training during induction and refresher training was also provided to the relevant employees.

At WHD, corruption risk assessments are conducted annually as part of the company's Risk Management System. The corruption risk assessment report generated details of risks identified, risk ratings and the corresponding controls and action plans.

In FY2022, there were **zero (0) cases** of bribery and corruption reported from both subsidiaries.

2. Code of Business Conduct and Ethics ("Code")

Established in 2013, the Code outlines the Group's standards of behaviour for Directors, management and employees. The Code is disseminated through the Employee Handbook, corporate website, intranet and bulletin boards. New hires are briefed on the Code and provided with relevant policies and supporting documents during the induction programme.

The Employee Handbook acts as an accompaniment to the Code. New hires are provided with the Employee Handbook upon commencement of work at PCCS. It outlines the terms of employment and the principles and values employees are required to observe. The handbook is reviewed and updated periodically under statutory requirements and industry best practices.

SUSTAINABILITY STATEMENT (CONT'D)

Corporate Governance, Ethics and Integrity (Cont'd)

Ethical Business Practices (Cont'd)

3. Whistle Blowing Policy

The Group's Whistle Blowing Policy provides a channel for individuals to report incidents of negligence and malpractice committed by Directors, management and employees.

Reports are kept anonymous and the whistle-blower is protected from threats of retaliation under the Whistle Blowing Policy and procedures. Reports of incidents regarding illegal conduct are submitted to the Audit Committee Chairman, Senior Independent Non-Executive Director or Group Managing Director. In contrast, human capital management practices cases are reported to the Head of Human Resources or Deputy Group General Manager.

This policy falls under the purview of the Audit Committee and is reviewed for relevancy and effectiveness as and when required. Any changes to the policy are subject to the approval of the Board.

Additionally, a Grievance Policy was developed at both WHD and SGL. At WHD, employees are provided with grievance suggestion boxes to voice complaints and concerns to management. If the matter cannot be resolved immediately by a direct supervisor, it would be escalated to the Grievance Handling Committee, Labour Inspector and the Arbitration Council for resolution. These mechanisms are detailed in a Grievance Procedure document reviewed annually by the Human Resource Manager.

In FY2022, **zero (0) grievance** cases were submitted at SGL, and **six (6) grievances** were submitted through the grievance suggestion boxes at WHD, all of which were resolved.

4. Other Policies

Our operations in China and Cambodia have also adopted their own company-specific policies to ensure that their operations are conducted in an ethical manner. These policies include but is not limited to: ¹

SGL	WHD
Anti-Discrimination and Harassment Policy	Wage, Compensation and Benefit Policy
Child Labour and Juvenile Worker Policy	Anti-Harassment Policies and Procedures
Environmental Policy	Hour of Work Policy
Freedom of Association Policy	Prohibition of Discrimination Policy
Production Working Hours and Compensation Policy	Freedom of Association and Collective Bargaining Policy
	Prohibition of Child Labour Policy
	Foreign Employee Policy
	Environment Policy
	Prohibition of Forced Labour, Slavery and Human Trafficking Policy

¹ The highlighted policies are not the extensive list of policies adopted by SGL and WHD.

**SUSTAINABILITY STATEMENT
(CONT'D)**

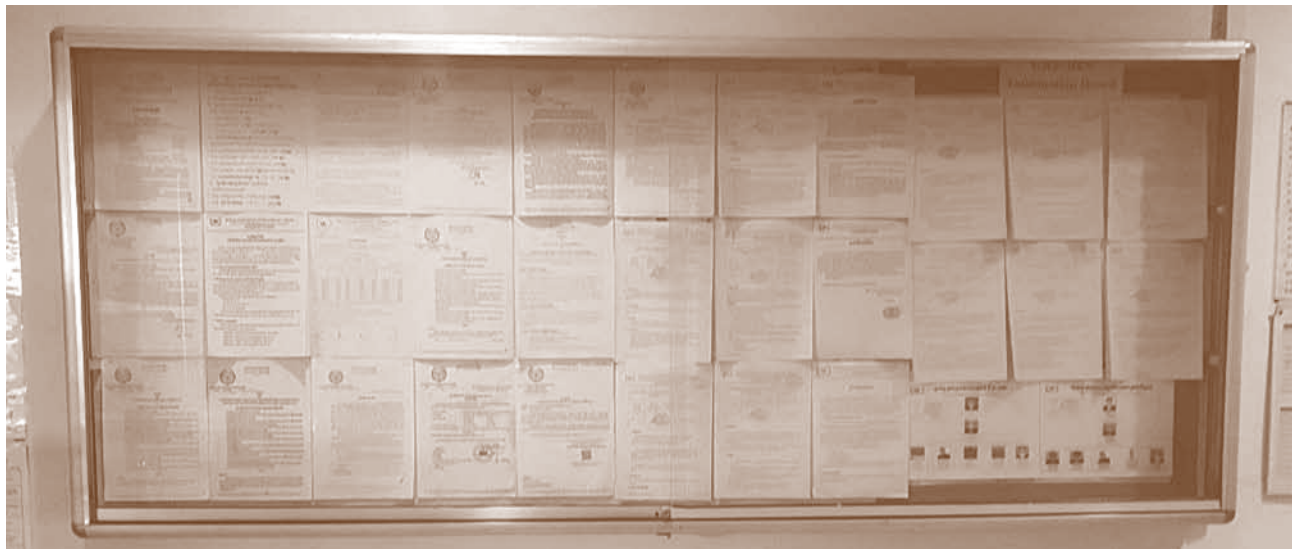
Corporate Governance, Ethics and Integrity (Cont'd)

Ethical Business Practices (Cont'd)

4. Other Policies (Cont'd)

Any updates or introduction of new policies are discussed during Townhalls and briefings. The latest versions of these policies are published on bulletin boards at the factories. Languages that these policies are in are:

SGL	WHD
Mandarin	Khmer
-	English



Example of policies published on bulletin boards at WHD operations

MAINTAINING ENVIRONMENTAL RESPONSIBILITY

² PCCS continuously addresses environmental issues stemming from our operations, such as climate change and the rising water crisis affecting Cambodia and China. The Group strives to minimise our environmental footprint through efficient and sustainable management of resources, energy and waste and effluent generated. WHD has adopted an Environmental Management System while SGL has adopted a Green Factory Project to aid our environmental goals.



Material Consumption

Responsible material consumption management is vital in minimising our environmental footprint. The Group strives to save on input material and includes recycled and renewable materials whenever possible.

At WHD, the primary type of input material is fabric rolls. The total material consumption for WHD during FY2022 was **2,952,656 yards** from two (2) main types of fabrics. The first type is a polyester warp knit fabric with a total consumption of **1,838,282 yards** and the second type is a polyester and cotton blend fabric with a total consumption of **1,114,374 yards** for FY2022.

² UN World Water Development Report 2022

SUSTAINABILITY STATEMENT (CONT'D)

Water Consumption

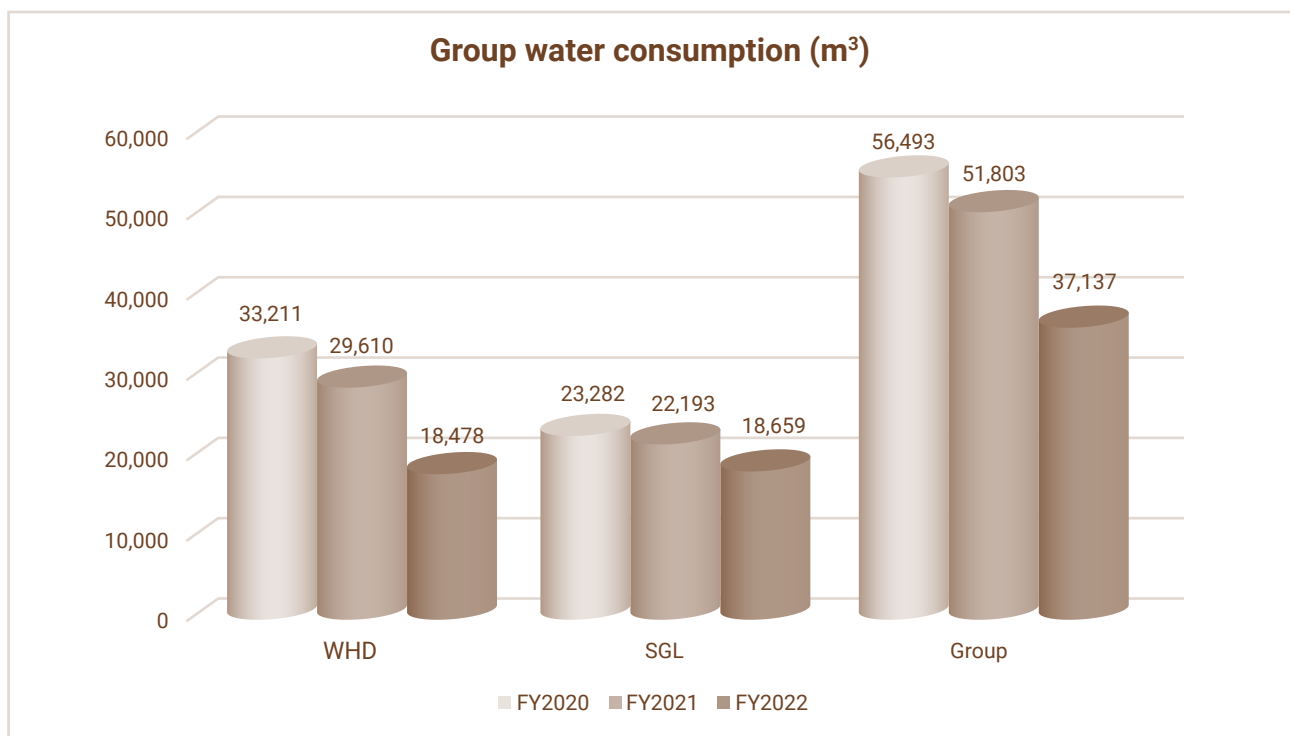
While PCCS does not currently operate in an identified water-stressed country, water scarcity and access to clean water have become prevalent issues in both China and Cambodia.

As apparel manufacturers, we also acknowledge that our daily operations consume large quantities of water and could contribute to water pollution³. These contributing factors have led us to improve our water management practices and implement stringent procedures to manage water consumption efficiently. Water at both subsidiaries is predominantly used for domestic and manufacturing purposes.

Both subsidiaries' regular inspections are conducted for leakages or faulty appliances to prevent water wastage. Water-efficient water faucets are used in place of the general faucets to reduce water consumption and SGL has installed low-flow water fixtures to improve water consumption efficiency.

WHD has installed rainwater harvesting facilities and in FY2022, we harvested a total of 469 m³. Also, water-saving training programmes are conducted and water efficiency posters are placed in each area of the factories to raise awareness of the importance of water efficiency to employees.

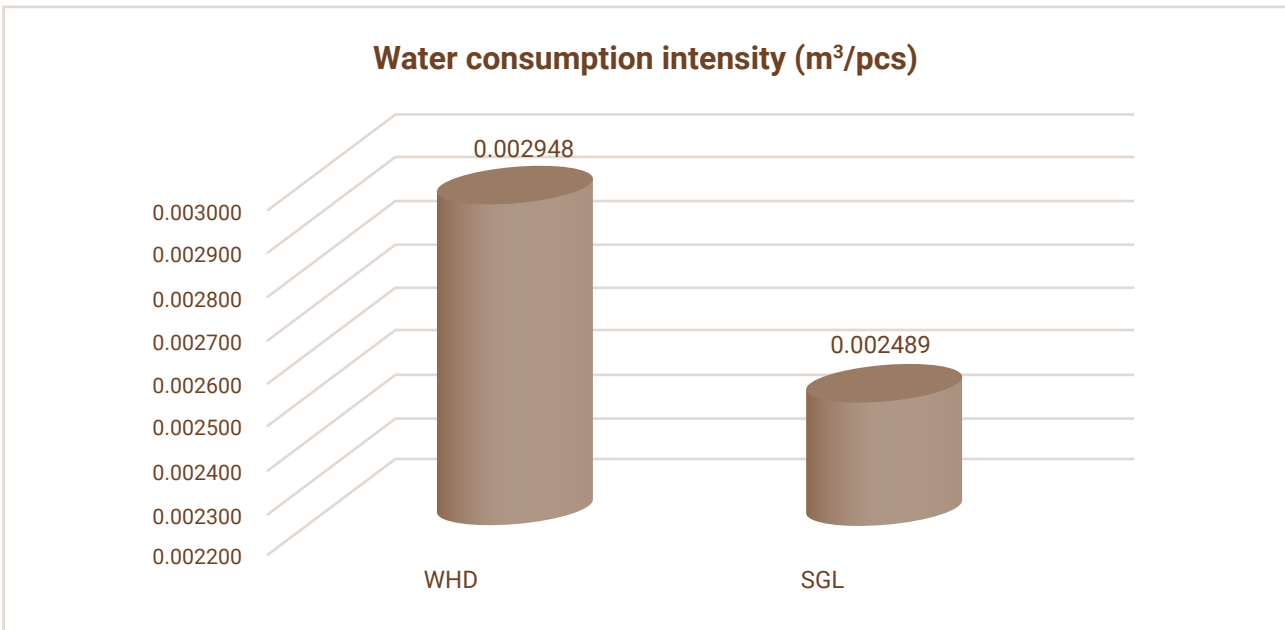
There has been a steady decrease in water consumption across the Group from FY2020 to FY2022 due to the water-saving initiatives carried out at both subsidiaries. The Group consumed **37,137 m³** of water during FY2022 which is a 28.3% reduction from the previous year and a 34.3% reduction from FY2020.



³ United Nations Environment Programme (UNEP)

SUSTAINABILITY STATEMENT
(CONT'D)

Water Consumption (Cont'd)



Waste Management

The Group believes that it is imperative to utilise a proper waste management system to minimise our environmental impacts. We applied the 4R's (*Reduce, Reuse, Recycle, Recover*) where applicable to divert waste from landfills. Waste reduction awareness programmes are conducted throughout the year, and employees are encouraged to observe conscientious waste management practices.

Both operations in Cambodia and China ensure that the waste generated from our operations is handled in accordance with applicable national laws, i.e. Law on Environmental Protection and Natural Resource Management 1996 and Environment Protection Law 2018, respectively.

With our strict compliance with relevant laws and procedures, we are proud to report **zero (0) incidences** of environmental non-compliances for the Group in FY2022.

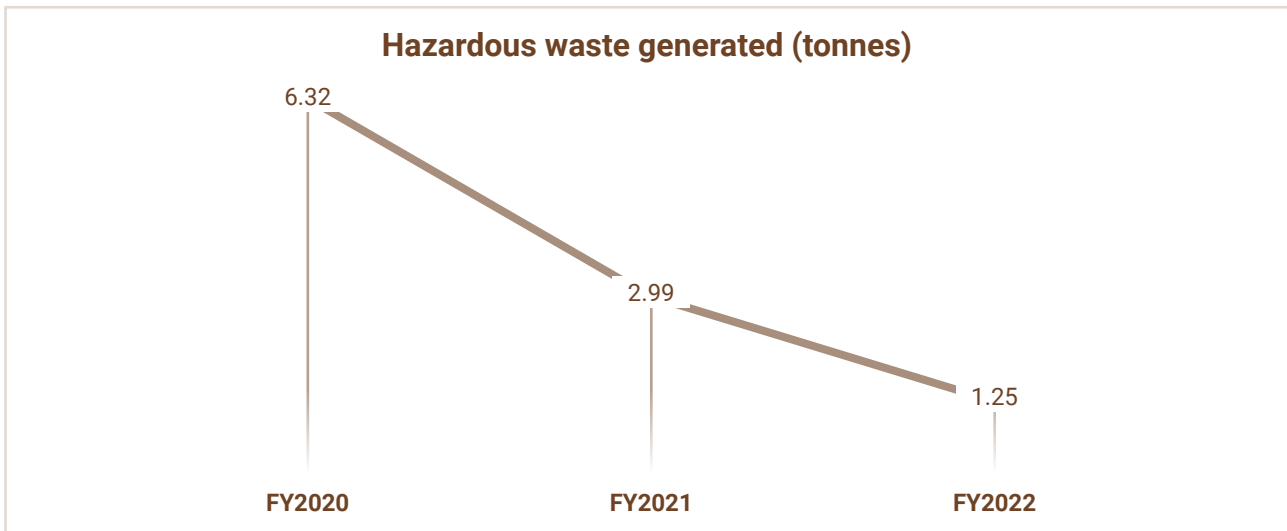
Hazardous Waste

Our scheduled waste generated is segregated and labelled to ensure proper waste management practices are adhered to. We also engaged with licensed waste contractors for waste collection in the countries that our facilities are located.

The hazardous waste is predominantly forklift batteries, computer equipment, motors, generators and air conditioning units. The total scheduled waste generated in FY2022 is **1.25 tonnes**, a significant 58% decline from FY2021.

SUSTAINABILITY STATEMENT (CONT'D)

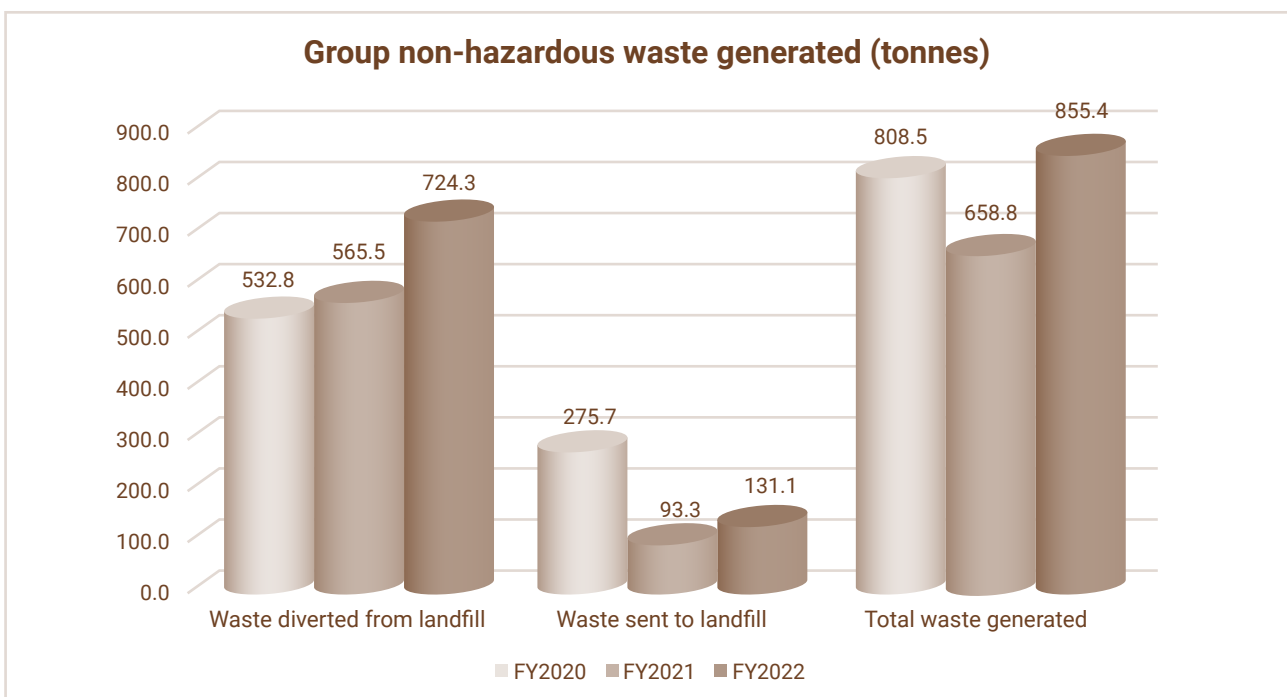
Waste Management (Cont'd)



Non-Hazardous Waste

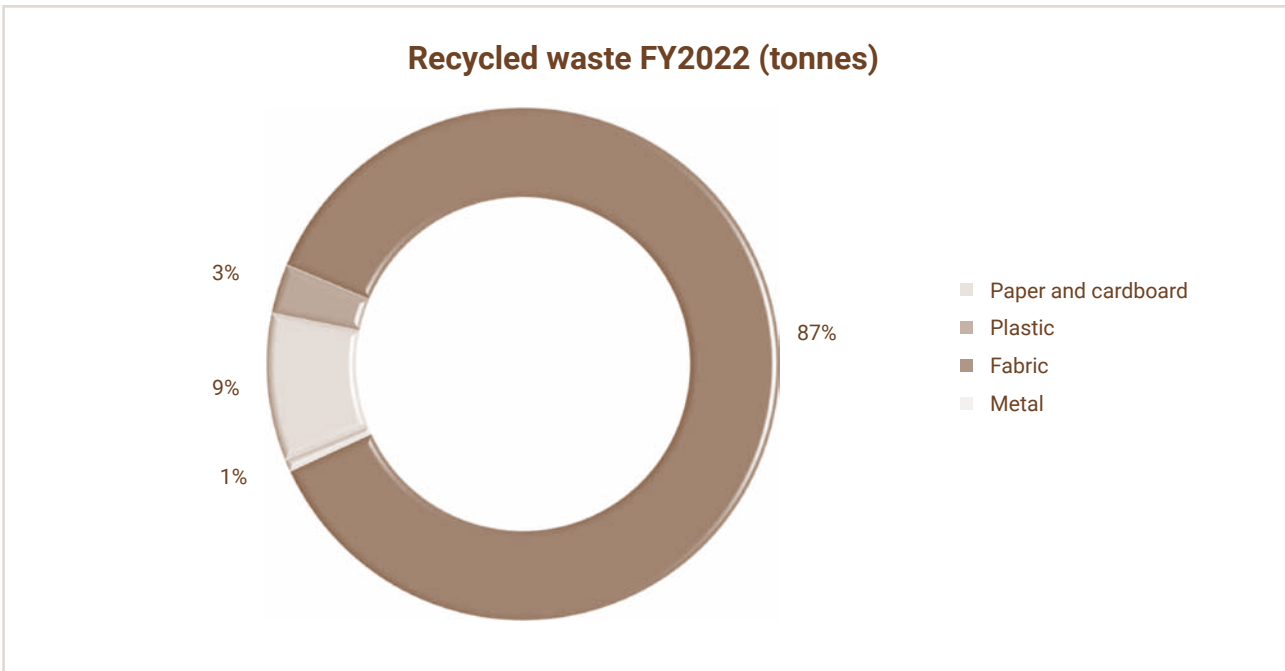
The Group strives to reduce the amount of waste generated by our operations sent to landfills, and we achieve this by applying the aforementioned 4Rs method. Our recycled waste is separated by type and collected by respective recycling contractors engaged by PCCS.

For FY2022, the total waste generated was **855.4 tonnes** with 84.7% of waste generated being diverted from landfills through recycling or reusing methods.



SUSTAINABILITY STATEMENT
(CONT'D)

Waste Management (Cont'd)



Climate Change and Energy Consumption

PCCS recognises the importance of minimising our carbon footprint in tackling the long-term risks climate change poses to the environment and society. The Group has made targeted efforts to limit Greenhouse Gas (“GHG”) emissions by operating in an energy-efficient manner.

Energy Consumption

SGL has embarked on a Green Factory Project since FY2021. As part of this project, the company commits to low carbon energy usage by utilising renewable energy sources. In FY2022, **1,128,000 kWh** of electricity generated was from renewable sources.

Our Cambodian operations have adopted an Energy Policy that is reviewed and updated regularly to ensure it remains relevant and effective. The policy outlines the Company’s commitment to improving resource and energy efficiency within the operations for products and services. PCCS’ Group Human Resource Manager has oversight of this policy, with the General Manager of WHD in charge of the day-to-day implementations.

Tenets of WHD’s Energy Policy

- Monitor closely and control the consumption of various forms of resource and energy through an effective Management System.
- Adopt appropriate energy efficient and conservative technologies.
- Maximise the use of cheaper and easily available forms of energy including renewable energy.
- Make energy conservation a mass movement with the involvement of all employees.
- Maximise recovery of waste energy and reduce the use of electrical based heating.
- Reduce specific energy consumption by 1% per year.
- Implementation of good energy conservation practices.

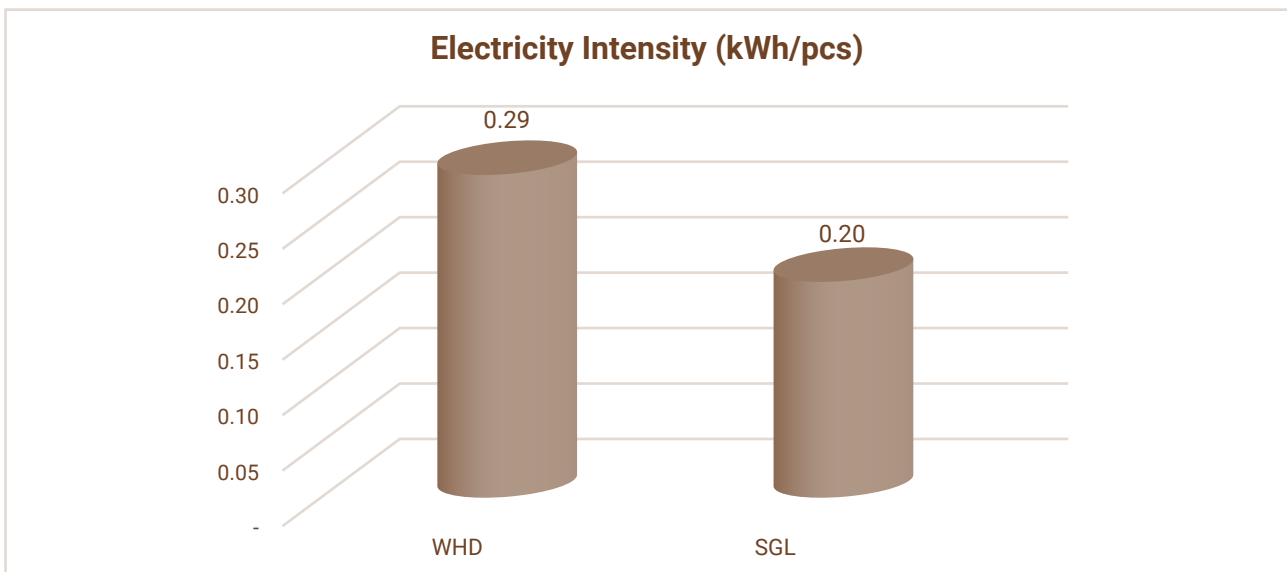
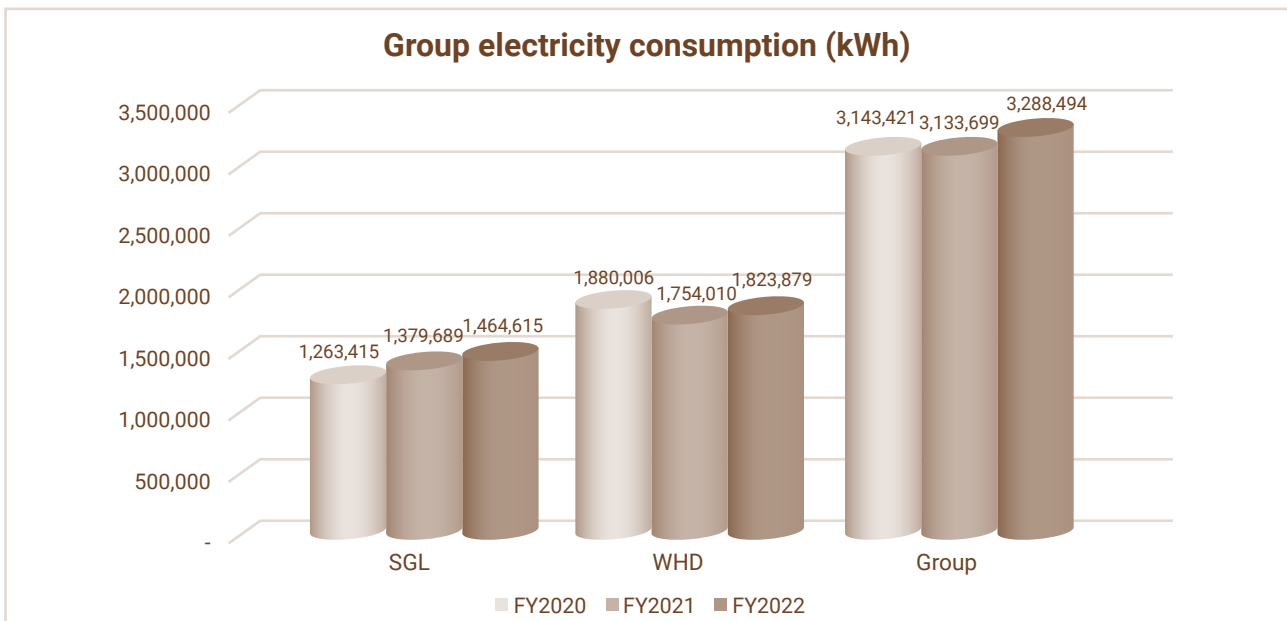
SUSTAINABILITY STATEMENT (CONT'D)

Climate Change and Energy Consumption (Cont'd)

WHD has also placed energy-saving awareness posters in common areas around the factories. We have also replaced most common fluorescent lighting with Light-Emitting Diode ("LED") light bulbs and eight (8) air conditioning units with newer inverter technology models estimated to use 30-50% less energy.

The Group's primary energy source is electricity which is predominantly used to power machinery in the factories. Other sources of energy include petrol, diesel used for logistical purposes and firewood used in boilers.

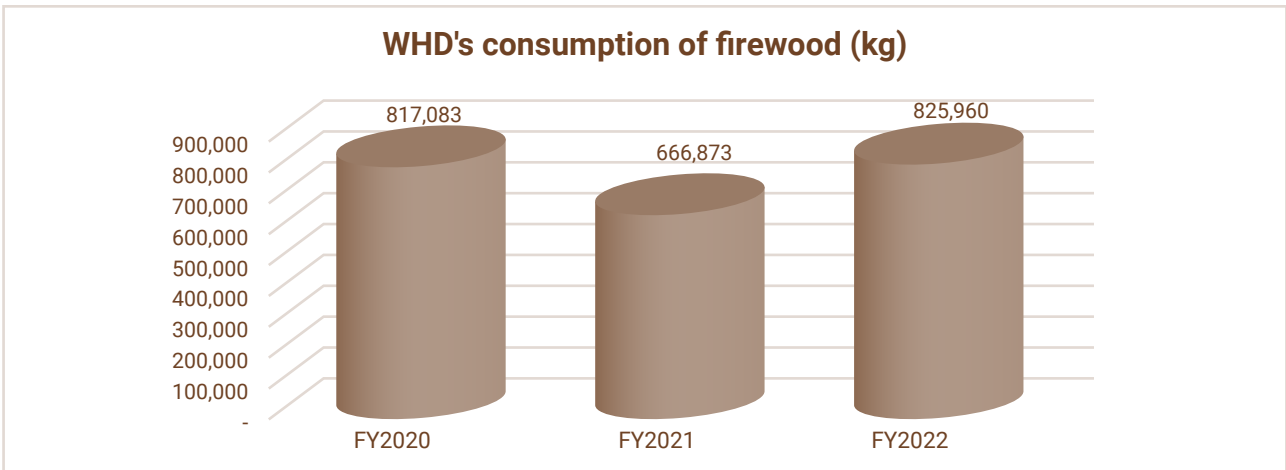
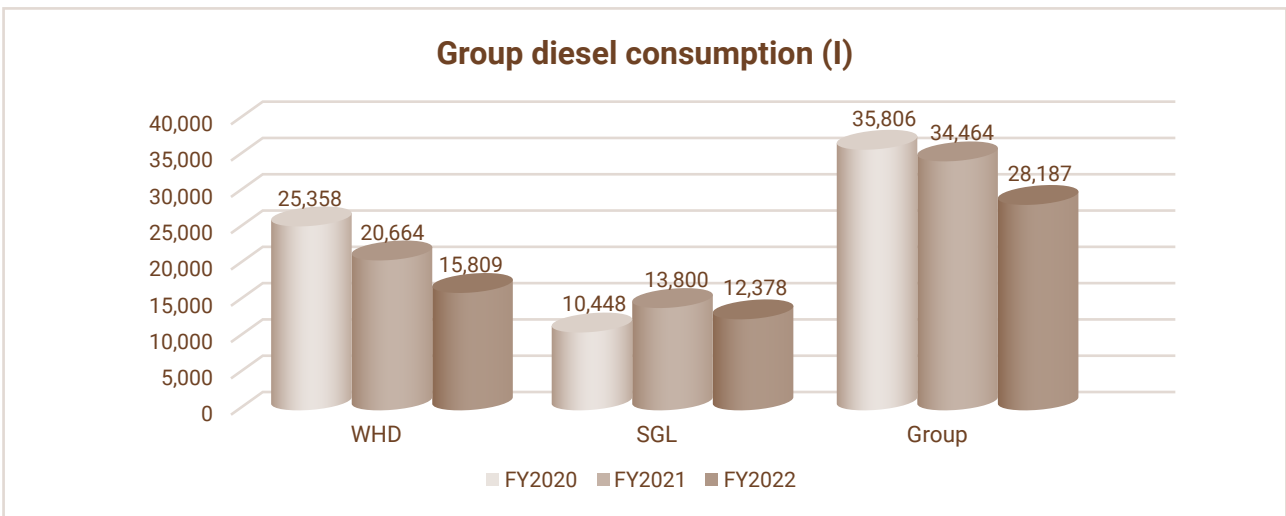
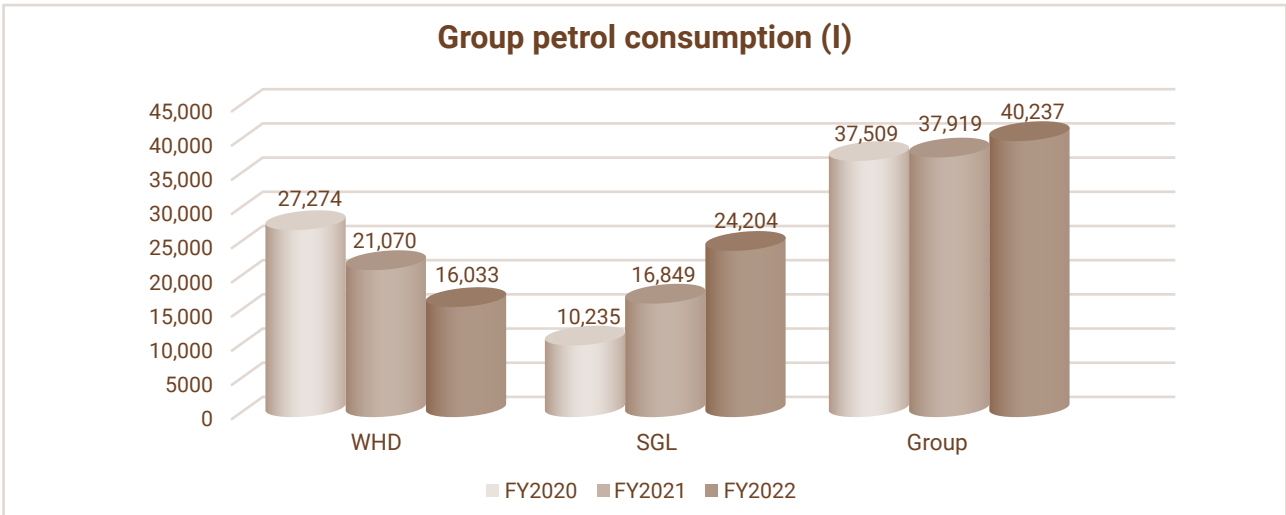
In FY2022, **3,288,494 kWh** of electricity has been consumed by PCCS. The overall Group electricity consumption has been increased by 4.6% from FY2020 to FY2022.



The Group's petrol consumption increased by 7.3% from FY2020 to FY2022, while diesel consumption decreased significantly by 21.3% during the same period.

**SUSTAINABILITY STATEMENT
(CONT'D)**

Climate Change and Energy Consumption (Cont'd)

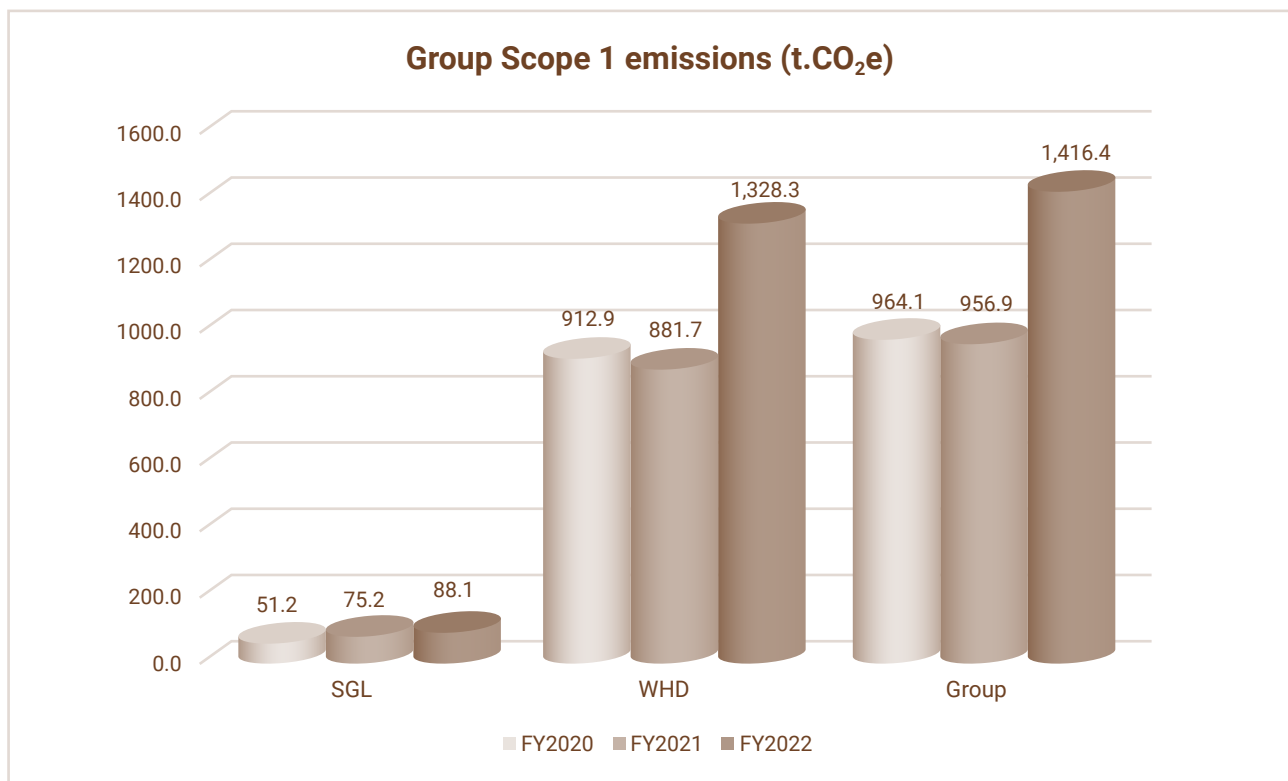
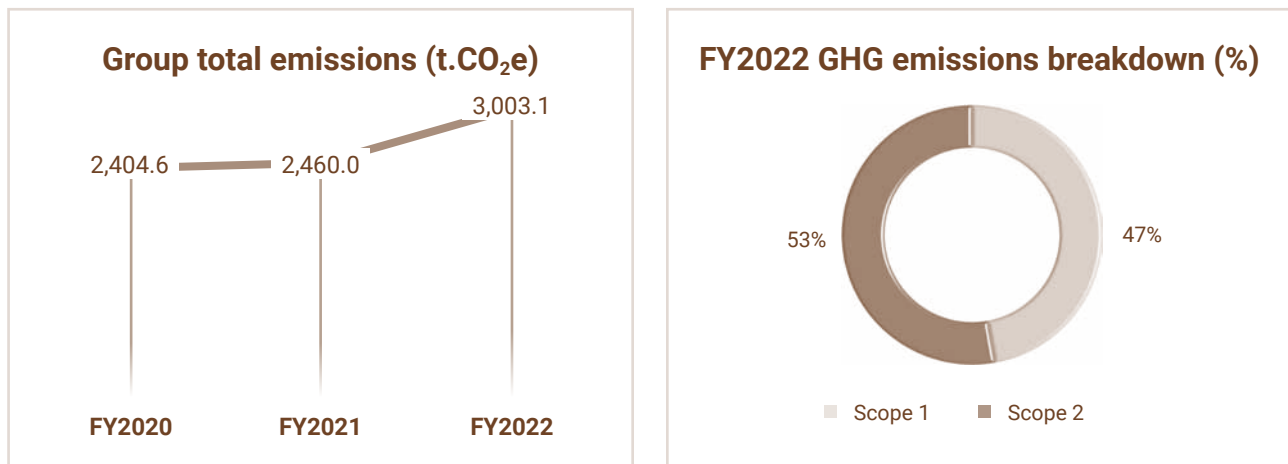


SUSTAINABILITY STATEMENT (CONT'D)

Climate Change and Energy Consumption (Cont'd)

Climate Change

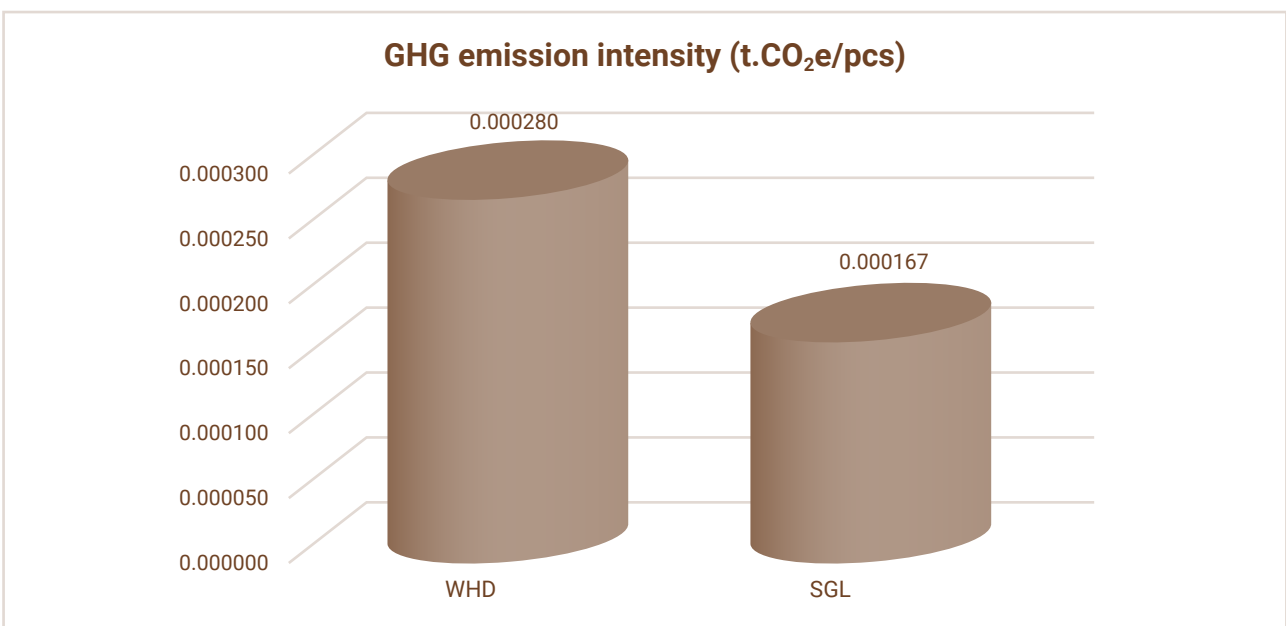
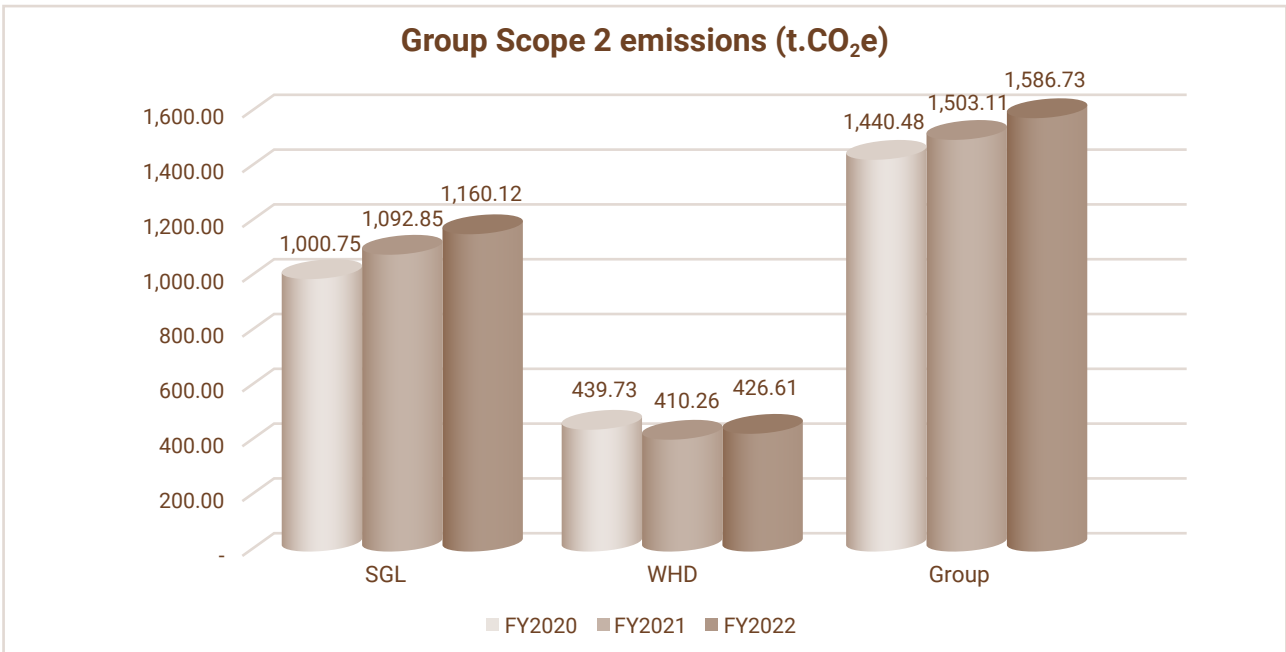
PCCS generated a total of **3,003.1 t.CO₂e** in FY2022, with 53% attributed to Scope 2 (Indirect Emissions) and 47% to Scope 1 (Direct Emissions). GHG emissions produced by firewood accounted for the increase in percentage of the Scope 1 emissions (refer to FY2022 GHG emissions breakdown %), included for the first time for FY2022.



**SUSTAINABILITY STATEMENT
(CONT'D)**

Climate Change and Energy Consumption (Cont'd)

Climate Change (Cont'd)



Scope	Emission Factor Source
1	Greenhouse Gas Protocol (2017). Emission Factors from Cross-Sector Tools. ⁴
2	China Regional Power Grid Baseline Emission Factors Institute for Global Environmental Strategies (2022). List of Grid Emission Factors version 10.12

⁴ Emission factor for firewood was taken to be Biomass – Wood and Wood Waste emission factor

SUSTAINABILITY STATEMENT (CONT'D)

FOSTERING SOCIAL STABILITY

At PCCS, we acknowledge the social influence our operations and activities have on employees, customers, the supply chain and local communities. We prioritise our social contract with our employees by providing them with a safe and conducive work environment. Our concern also extends to our customers and supply chain by making an immense effort to meet their needs and expectations. The Group believes in investing in the surrounding communities via proactive engagement and improving overall community welfare.



Customer Privacy and Data Protection

With the accelerated reliance on digitalisation and technology, exacerbated by the Covid-19 pandemic, cybersecurity risks have become an increasingly common threat. Accordingly, PCCS emphasises our customers’ fundamental right to privacy as stated in the laws governing the countries within which we operate.

Malaysia	China	Cambodia
Personal Data Protection Act (2010)	Personal Information Protection Law (2021)	Law on Consumer Protection (2019)
	Data Security Law (2021)	Law on Electronic Commerce (E-Commerce Law) (2019)

Effectively handling technology risks is paramount in maintaining customers’ trust and facilitating business continuity. The Group ensures our software and firewall systems remain effective and up-to-date to minimise the risk of data leaks and breaches in line with the regulatory requirements in each country our operations run in.

Management of customer data is under the Group-wide Data Policy, which outlines the procedures for accessing and storing customer data; effectively protecting customer privacy and security. In order to limit the risk of data mismanagement, only authorised personnel are permitted to access customer data and information.

Though Cambodia has yet to enact a comprehensive data protection law, WHD has taken a proactive approach to handle customers’ data and information. In the event of a data breach, WHD has in place an internal investigation process carried out by the Management and Management Information System Department to determine the cause of the breach. The investigation is guided by the subsidiary’s Management Information System Control procedures.

In FY2022, we are pleased to report that we have recorded **zero (0) customer data breaches and leaks**.

Human Rights & Labour Standards

Our people are the driving force behind daily business activities and operational sustainability, and PCCS acknowledges our role as responsible employers in safeguarding the rights afforded to our workforce. Hence, the Group is dedicated to developing a corporate culture of inclusivity, respect and unity by investing in programmes and engagements geared toward enhancing our employees’ working experience and fostering a conducive and open working environment.

We do not condone unethical employment practices or treatment of the workforce, including but not limited to child labour, forced labour and slavery throughout our supply chain. PCCS’ employment practices and procedures are guided by regulatory requirements stated in the Employment Act 1995 (Malaysia), Labour Contract Law (China) and Labour Law 1997 (Cambodia); concurrently aligned with both the United Nations Guiding Principles on Business and Human Rights as well as the International Labour Organization’s (ILO) labour standards.

The Group takes a strong stance against harassment and bullying, practicing a non-discrimination policy regardless of race, ethnicity, caste, nationality, age, religion, gender, sexual orientation or disabilities. We recorded zero (0) instances of discrimination across both subsidiaries during FY2022.

SUSTAINABILITY STATEMENT (CONT'D)

Human Rights & Labour Standards (Cont'd)

SGL

The Labour Department conducts annual labour audits at our China operations to ensure zero (0) non-compliance or risk of non-compliance to applicable labour laws. There were no significant concerns or risks of non-compliance highlighted during the audit, which indicates that the company fully complies with international labour standards and national employment laws.

In addition to strict labour compliances, SGL has also established several policies to safeguard labour and human rights:

Policy	Description
Anti-Discrimination and Harassment Policy	Outlines the company's zero-tolerance stance on discrimination, bullying, and harassment at the workplace as well as employment practices.
Child labour and Juvenile Worker Policy	Protection of human rights through the prevention of child labour or employment of underage workers at the factories.
Freedom of Association Policy	The company respects the rights of our employees to participate in worker unions or any organisations not involved in criminal activity and ensures no repercussions from associating with these organisations.
Production Working Hours and Compensation Policy	Ensures the company provides all employees with fair wages and benefits in compliance with wage per working hours highlighted in applicable laws and regulations.

WHD

As a participant of Better Factories Cambodia ("BFC"), WHD is subjected to periodic audits and assessments under Better Work.⁵ This is done to assess our compliance with international labour standards and Cambodian labour laws. The latest report produced during FY2022 was on 1 September 2021 and found no significant areas of concern in WHD's operations.

The audit and assessment address a range of employment matters, including:

- Occupational Health and safety;
- Child labour;
- Compensation;
- Contract and human resources; and
- Working hours.

As part of our participation with BFC, we receive continuous training and guidance on the employment matters mentioned above to improve areas identified within assessment reports and a Global Improvement Plan established by BFC.



Example of training and advisory sessions with the Performance Improvement Consultative committee ("PICC") with BFC

⁵ Better Work is a comprehensive programme that brings together all levels of the garment industry to improve working conditions, respect workers' labour rights, and boost the competitiveness of apparel businesses. It is a collaboration between the United Nation's International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group.

SUSTAINABILITY STATEMENT (CONT'D)

WHD (Cont'd)

WHD's business activities are directed by the company's overarching Human Rights Policy. This policy, adopted by WHD in 2019, was drafted in accordance with the United Nations Guiding Principles and highlights WHD's commitment to upholding human rights matters including:

• Prohibition of discrimination	• Working hours
• Prohibition of forced, involuntary labour and human trafficking	• Freedom of association and collective bargaining
• Prohibition of child labour	• Anti-bribery kickbacks bribers and payoffs
• Prohibition of harassment or abuse	• Health and safety
• Wage and benefits	• Environment

The policy falls under the purview of WHD's General Manager, whom the Human Resource Manager and Compliance Team support. Policy violations can be reported through WHD's grievance mechanism and procedure outlined on page 74 of this Statement.

The Human Rights Policy is supported by an extensive register of policies and procedures safeguarding employees' rights and freedoms.

WHD's Policies	
Age Verification Procedure	Pregnant Employees Policy
Anti-Harassment Policy and Procedures	Prohibition of Child Labour Policy
Contract Worker Policy	Prohibition of Discrimination Policy
Employee Termination and Retrenchment Policy and Procedure	Prohibition of Forced Labour, Slavery and Human Trafficking Policy
Equal Employment Opportunity Policy	Recruitment Policy and Procedure
Foreign Employee Policy	Remediation of Young Worker and Child Labour Procedure
Investigation Violation of Human Resource Policy	Wage, Compensation and Benefits Policy
Non-Retaliation Policy	Working Hours Policy

WHD supports our employees' freedom to participate in worker unions and ensures no repercussions stemming from their involvement with these unions. We currently recognise one (1) trade union at WHD.

SUSTAINABILITY STATEMENT (CONT'D)

Occupational Health and Safety

Being predominantly in the garment and textile production industry and operating manufacturing factories, PCCS understands our critical responsibility in ensuring the safety, health and well-being of employees, contractors, suppliers and communities as conscientious employers. The onset of the pandemic further reinforced our resolve on the implementation of solid health and safety measures to keep our people safe to maintain business continuity.

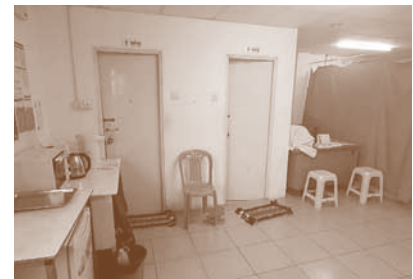
The Group adheres to applicable local laws and regulations in all operational locations.

Malaysia	China	Cambodia
Occupational Safety and Health Act (1994)	Work Safety Law of the People's Republic of China (2019 Amendment)	Chapter VIII: Health and Safety of Workers – Labour Law (1997)



Employees at both subsidiaries receive medical insurance coverage. WHD has installed an Infirmiry Room to treat minor injuries sustained within factory premises or employees experiencing poor health.

WHD also adopted a Health and Safety Policy, enforced by the Human Resource and Production Departments and the Occupational Health and Safety Committee, ensuring the company complies with Occupational Health and Safety (“OHS”) -related laws and legislation. This policy is reviewed periodically for effectiveness and updated as required.



WHD's Infirmiry Room

WHD's OHS Policies and Procedures	
• Accident Investigation Procedure	• Hot Work Policy
• Chemical Storage and Handling Procedure	• Machine Safety Guard Policy
• Electrical Safety Inspection Policy and Procedure	• Noise and Light Control Procedures
• First Aid Replacement Procedure	• Personal Protective Equipment Management Procedure
• Fire Fighting Procedure	• Policy on Safe Drinking Water
• Handling Glass and hard Clear Plastic Breakages Cleaning Procedure	• Work Instruction for Using Forklift
• Health, Safety and Environment Policy	• Workplace Housekeeping Policy and Procedure

SUSTAINABILITY STATEMENT (CONT'D)

Occupational Health and Safety (Cont'd)

Safety Management

Both SGL and WHD practice strict and effective OHS management systems as actively preventive measures for staff's health, safety and well-being. These management systems act as a guide that outlines the company's response and stance in vital areas including, but not limited to:

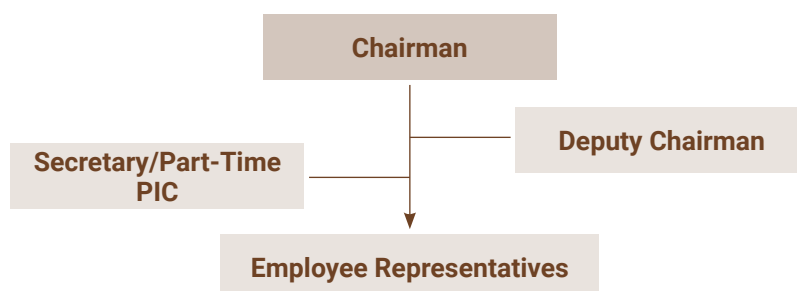
• Accident and incident reporting	• Monitoring and detection of disease and safety hazards
• Emergency Rescue Plans	• Noise control
• Emergency Response Plans	• Occupational health conditions
• Fire prevention	• OHS discipline programme
• Hazardous material management	• Proper waste disposal
• Health protection system for pregnant and breastfeeding workers and other female employees	• OHS reporting procedure
• Healthcare and hygiene	• Roles and responsibilities of management, employees and contractors in OHS matters
• Heatstroke prevention	• Safety Audits

Each operation has established an OHS Committee to enforce the proper health and safety procedures and guidelines to avoid occurrences of workplace accidents. Headed by the Chairman, the Committee consists of safety officers and employee representatives. The Committee convenes bimonthly to discuss health and safety concerns and review the OHS management approach and performance.

Primary responsibilities of the OHS Committees include:

- Assisting with the development of OHS guidelines and procedures;
- Carrying out inspections of health protection facilities;
- Providing protective equipment to staff;
- Educating employees on self-protection and OHS issues;
- Disseminating OHS and environmental policies to the workforce;
- Reviewing the effectiveness of existing OHS policies, measures and programmes;
- Identifying OHS trends at the workplace; and
- Enforcing corrective action plans for OHS risks and gaps identified.

OHS Committee Structure



SGL utilises internal audits, while WHD undergoes both internal and external audits to ensure compliance with regulations in addition to customers' requirements.

SUSTAINABILITY STATEMENT
(CONT'D)

Occupational Health and Safety (Cont'd)

As part of OHS management, we conduct periodic risk assessments to minimise accidents. In SGL, risk assessments are conducted by the Administrative Department annually. The risk assessment accounts for possible causes of accidents and the type of possible injuries. The reported findings are analysed to formulate appropriate corrective action plans and initiatives to eliminate or curtail risks and assign a risk level to the identified OHS risks.



WHD implements a Risk Assessment Management System that outlines the formal Hazard Identification, Risk Assessment and Risk Control (“**HIRARC**”) process and the roles and responsibilities of relevant parties to identify and categorise OHS risks in addition to the development of mitigative controls. The HIRARC exercise is under the purview of the OHS Committee and conducted biannually by Safety Officers supported by a Health, Safety and Environment team.

Risks identified under these risk assessments are then recorded and categorised for severity and likelihood of occurrence in risk registers.

Conversely, SGL undergoes periodic Occupational Disease and Hazard Factor Testing and Evaluation conducted by an external party. The ensuing report contains the identification of hazards and risks with recommended mitigation methods.

SUSTAINABILITY STATEMENT (CONT'D)

Occupational Health and Safety (Cont'd)

Safety Training

OHS training programmes are offered at SGL and WHD to ensure staff remain abreast of OHS best practices and industry standards.

OHS Training Programmes	
SGL	WHD
Basic knowledge of production safety and operational skills	Chemical safe handling and spillage
Enterprise safety production and responsibility system	Electrical safety
Forklift safety knowledge training	Fire evacuation drill
Incident reporting, investigation and handling training	Forklift safety
Labour protective equipment and chemical safety management	Safety high and hot work permit
Production safety laws and regulations	HIV/AIDS awareness
Safety and saving awareness	Lockout/Tagout (LOTO)
Safety in confined spaced	Machinery operation
	Personal protective equipment
	Standard operating procedure for chemical spills
	The rights and benefits, and health, food, hygiene awareness for pregnant employees
	Environment training
	First aid training
	Contraception and family planning
	OHS Policy training

WHD recorded **6,760 hours** of employees trained on OHS topics in FY2022, while SGL recorded **826 hours** with a total of 396 employees trained on the same topics.



Fire preparedness training



Forklift training

SUSTAINABILITY STATEMENT
(CONT'D)

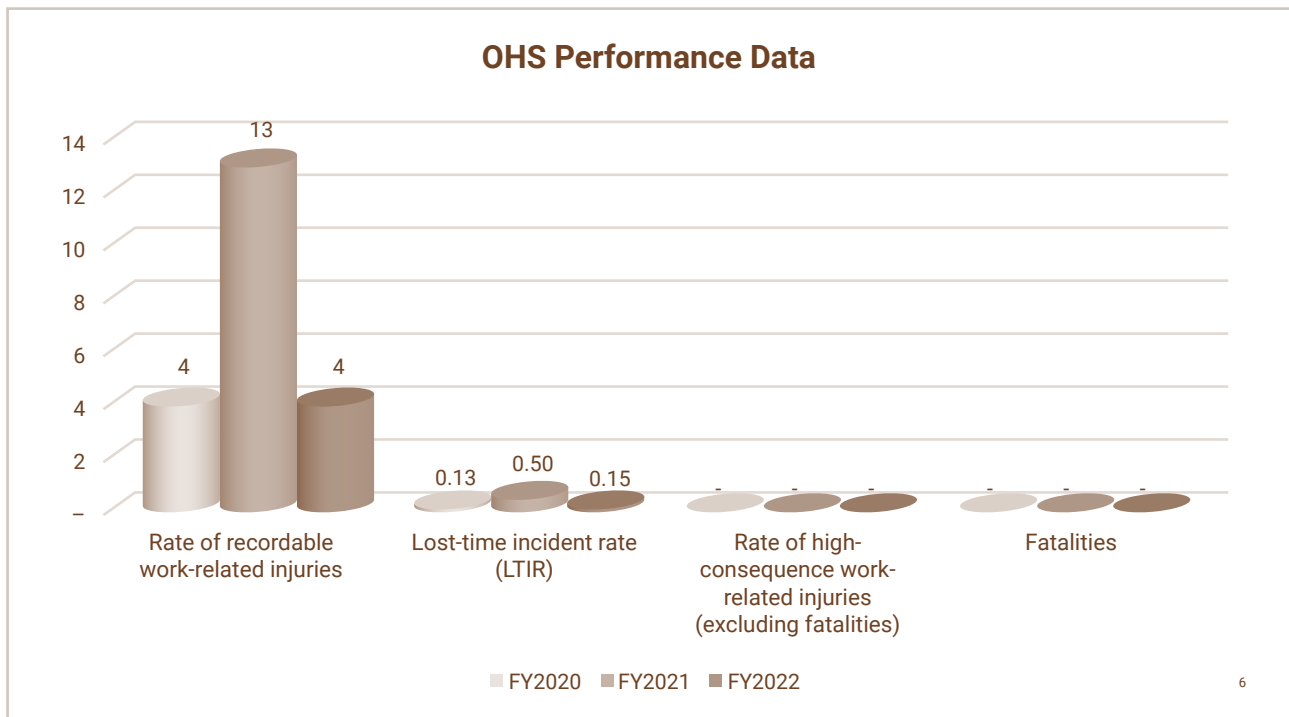
Occupational Health and Safety (Cont'd)

OHS Performance

In a workplace incident, PCCS' subsidiaries have formal procedures and processes to resolve accidents. SGL conducts an accident investigation and generates an incident report when a workplace accident occurs on the premise.

Similarly, reported accidents in WHD are investigated under the company's Accident Investigation Policy. This policy stipulates that all workplace incidents, regardless of scale or severity, are reported to immediate supervisors for documentation and investigation. Subsequently, an incident report details the corrective measures to prevent similar accidents.

PCCS has established a zero (0) fatalities target for FY2022 as part of our KPI exercise. We are pleased to report **zero (0) fatalities** recorded across both subsidiaries totalling 5,491,150 manhours worked. Zero (0) work-related injuries and ill-health were recorded in SGL, whereas **four (4)** workplace injuries and **3,870** recordable cases of ill-health were recorded at WHD in FY2022. However, none of the reported accidents or ill-health cases were of high consequence or severity.

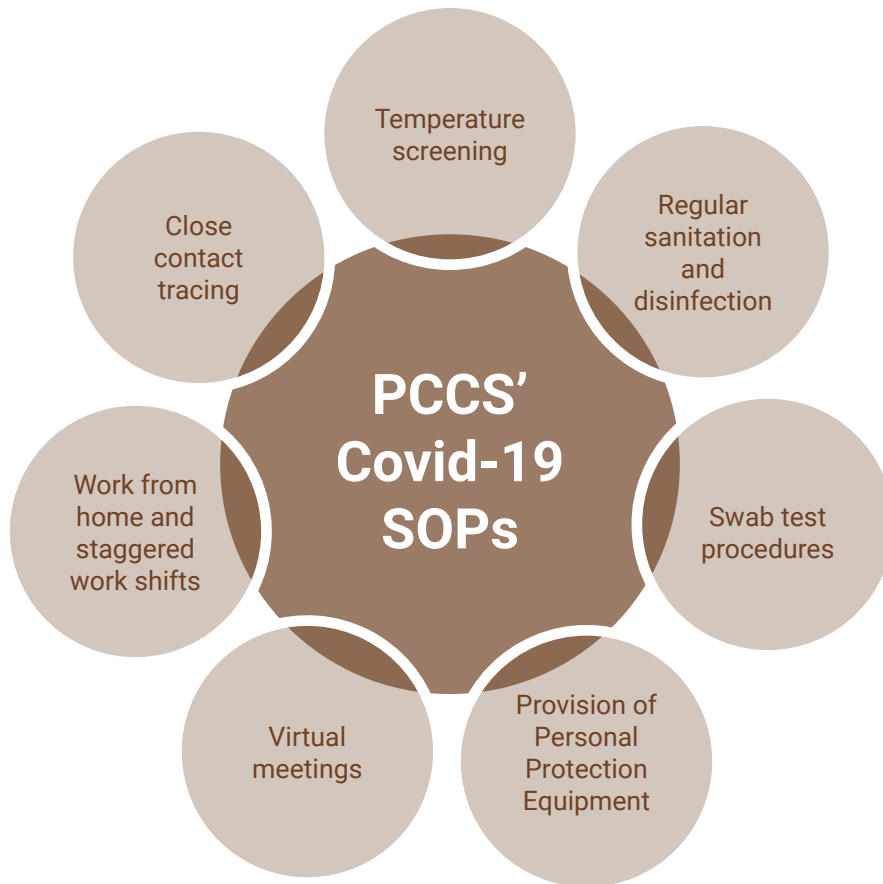


⁶ Lost-time accident rate = Number of accidents*200,000 / (average number of employees for the year*48 working weeks*44 working hours per week).

SUSTAINABILITY STATEMENT
(CONT'D)

Occupational Health and Safety (Cont'd)

Managing Covid-19



Even though the Covid-19 pandemic has reached a recovery phase, it has changed how many business activities operate. To adapt to the pandemic and the restrictions it brought, PCCS embraced new health and safety measures to ensure business continuity and provide a hygienic and safe environment for our employees.

Both subsidiaries have imposed guidelines and programmes following the regulations issued by their respective governments in Cambodia and China and the World Health Organisation (“WHO”).

SGL imposed strict Standard Operating Procedures (“SOPs”) such as social distancing standards, the proper use of personal protection equipment (“PPE”), health checks and temperature recordings. These SOPs were communicated through briefing sessions when physical work resumed.

Posters were distributed and displayed in common areas to inform employees of the proper use of PPE, the risk of contagions and best practices for personal hygiene. We also imposed weekly RT-PCR testing on staff working at the factories in our efforts to manage the Covid-19 outbreak.

SUSTAINABILITY STATEMENT (CONT'D)

Occupational Health and Safety (Cont'd)

Managing Covid-19 (Cont'd)



Example of weekly RT-PCR testing conducted at SGL

WHD adopted similar SOPs through its Covid-19 Prevention Management Programme. This programme is supported by a guiding document for proper conduct and practices and a committee for effective implementation. Employees who tested positive, direct and indirect contact cases were all recorded and tracked as part of this programme.

These SOPs are reviewed annually by the Compliance Department to ensure effectiveness and relevancy to the changing government mandates.

Product Quality and Innovation

The Group prioritises delivering the best quality products to our customers while incorporating innovative solutions that maximise efficiency and productivity.

SGL

SGL adheres to the quality standards stipulated by our customers and we are audited biennially by external parties to ensure compliance with manufacturing standards. We also impose strict internal controls and inspections of input materials, semi-fabricated products, and final products. Our Quality Assurance Department carries out a Final Quality Audit Inspection to ensure materials and products entering and exiting the factories are under the Group's and customers' manufacturing standards. Quality tests conducted measure durability, fabric and apparel quality, including shrinkage, tape and shear tests.

SUSTAINABILITY STATEMENT (CONT'D)

Product Quality and Innovation (Cont'd)

SGL (Con't)

SGL has invested in new machinery, resulting in shorter lead times; the amount of time that passes from the start of a process until its conclusion. This action facilitates SGL in meeting customers' demands at a more efficient rate and increases customer satisfaction.

WHD

WHD conducts similar audits and inspections. The inspections ensure that products manufactured are in line with customers' prerequisites and industry manufacturing standards. Subsequently, the entire production line is subject to an audit, from input materials to final quality checks of finished products.

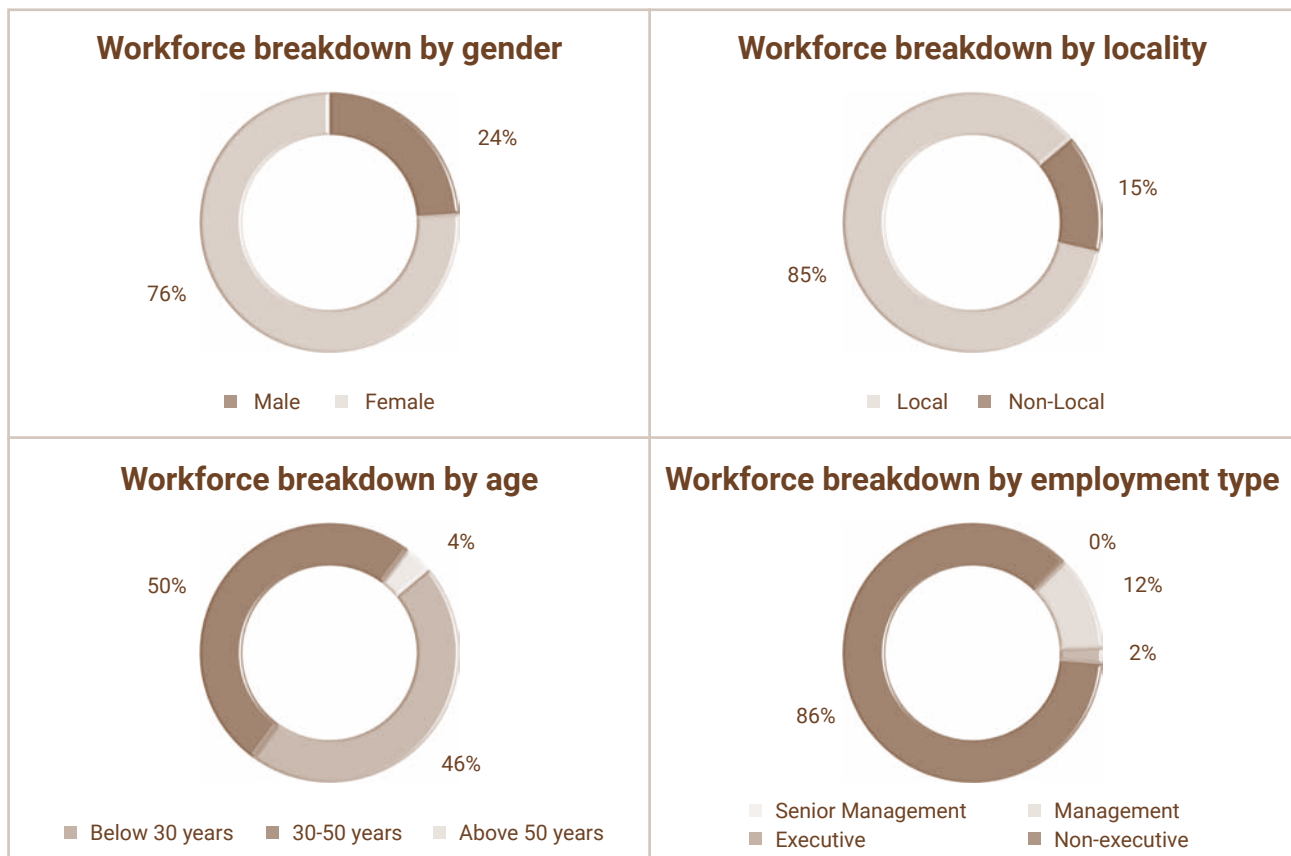
Talent Attraction and Retention

Our employees are the backbone of the Group's continued growth and success. We, therefore, place significant importance on cultivating our people's capabilities for personal and professional growth.

Diversity and Inclusivity

The Group believes a diverse workforce is the foundation of positive business growth. We exercise equal opportunity when hiring and career development practices are based solely on performance and merit.

In FY2022, we recorded a total headcount of **2,296** across both subsidiaries, with 83% staff and 84% of Management and Senior Management being local. 76% of our employees are female, with 50% between 30 to 50 years of age.

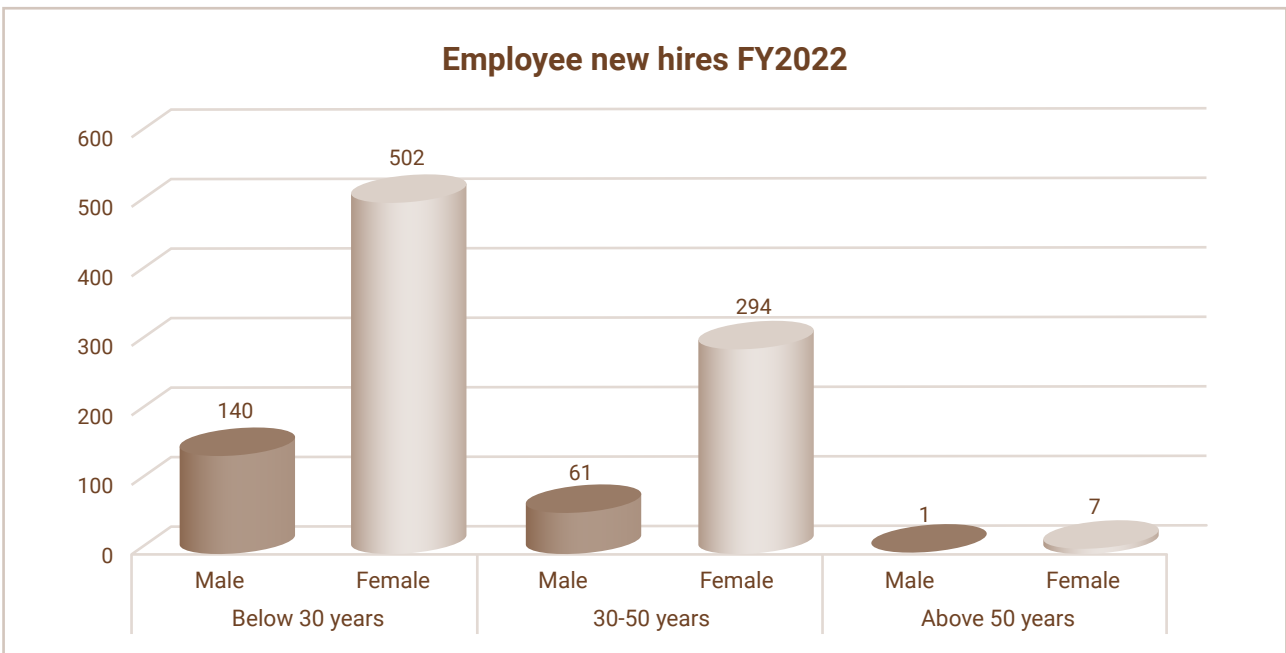


SUSTAINABILITY STATEMENT
(CONT'D)

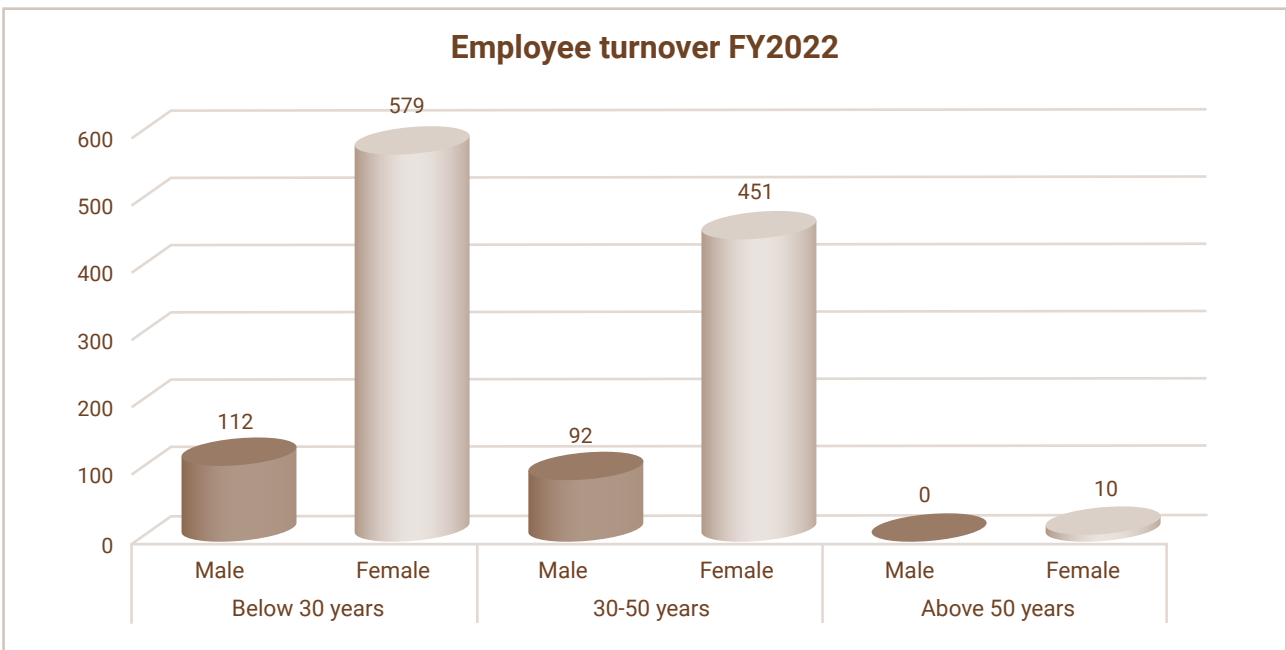
Talent Attraction and Retention (Cont'd)

New Hires and Turnover

In FY2022, we recorded a total of **1,005 new hires**, 79.9% of whom are female and 63.9% below 30 years of age.



The Group recorded a total of **1,244 turnovers** and a turnover rate of **55.4%** in FY2022 which was a 15.2% decrease from FY2021. 83.6% of the total turnover were female and 55.5% were aged below 30 years.



SUSTAINABILITY STATEMENT (CONT'D)

Talent Attraction and Retention (Cont'd)

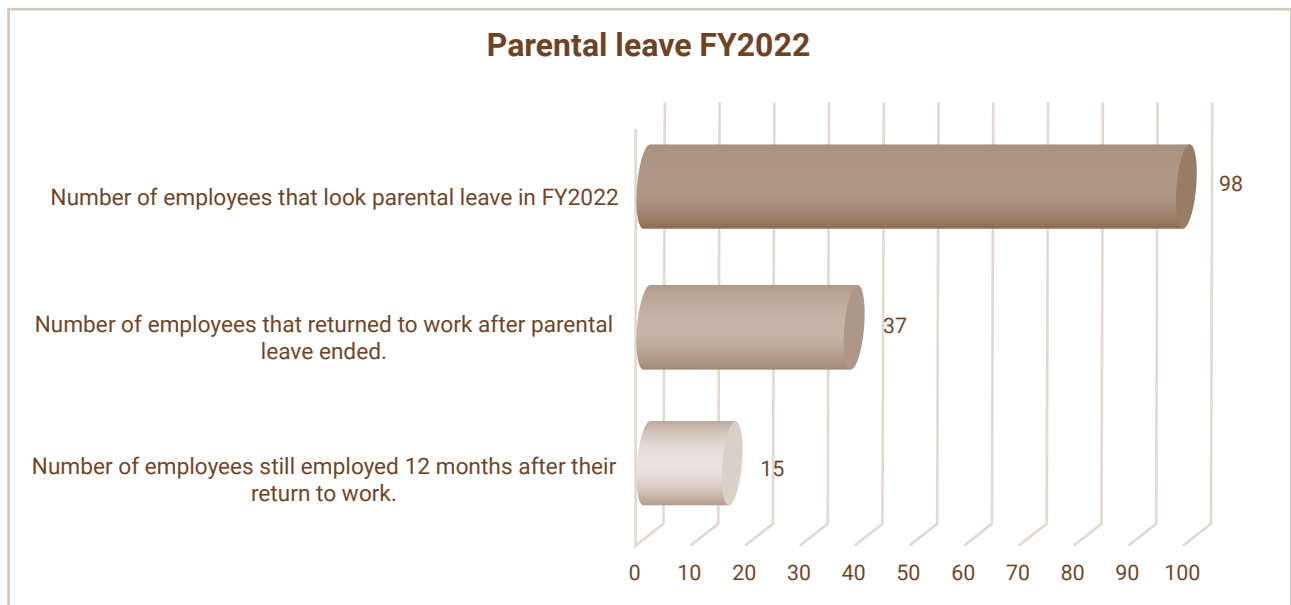
Compensation and Benefits

Compensation and benefits offered to our employees are fair according to regulatory requirements and remuneration packages are competitive. The Group does not discriminate regardless of race, religion, ethnicity, age, gender, sexuality or disability, as reflected in remuneration packages offered to our staff.

The Group fully supports family planning and working mothers by providing parental leaves and benefits, breastfeeding facilities and flexible work arrangements. WHD has also adopted a Pregnant Employee Policy which outlines procedures to protect expectant and new mothers and safeguard their safety and well-being at the workplace.

Other employee benefits offered include, but are not limited to:

Employee Benefits	
• Bonus	• Parental leave
• Profit sharing	• Sick leave
• Medical coverage	• Hospitalisation leave
• Insurance	• Compassionate leave
• Wedding gift	• Transportation and housing allowance
• First baby gift	• Long service award
• National Social Security Fund (WHD)	• Annual leave
• Food allowance	• Marriage leave



SUSTAINABILITY STATEMENT
(CONT'D)

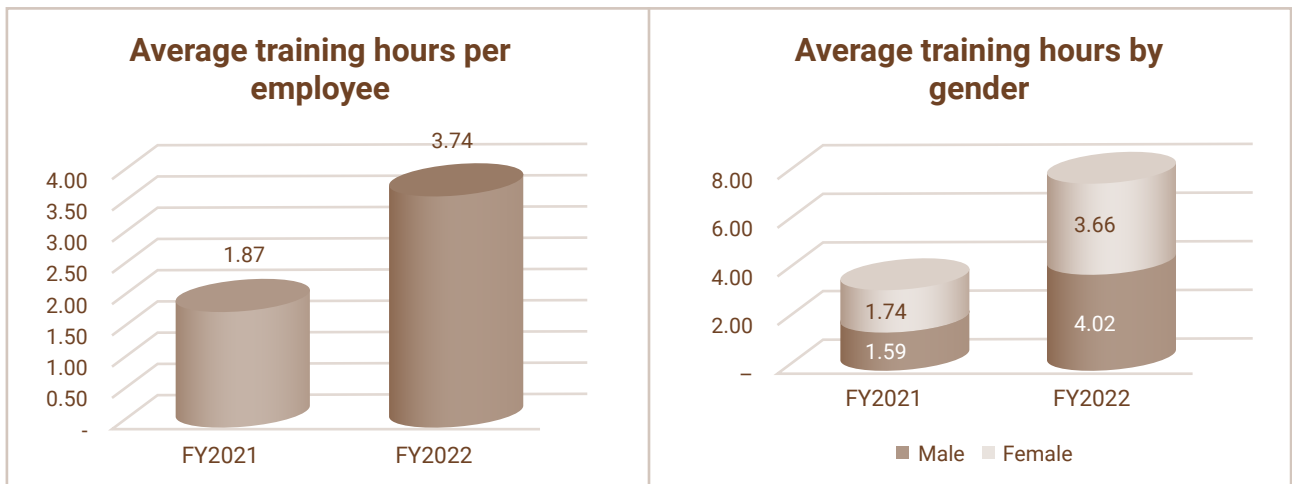
Talent Attraction and Retention (Cont'd)

Training and Development

PCCS remains committed to supporting employees grow in their professional careers as we recognise that professional and personal development is vital in expanding and retaining our talent pool. To this end, we provide capacity-building opportunities aiming to develop employees' knowledge and skillsets.

Overall, 30 individuals from SGL and 109 individuals from WHD received their annual performance and career development reviews during FY2022, equalling 6% of employees across the Group.

Apart from performance reviews, employees are also given training and development opportunities in various topics. A total of 8,589.5 hours which is more than double the training hours of FY2021.



Employee Engagement

SGL hosted an annual company dinner in celebration of the Lunar New Year to boost employee morale and promote integration within the departments.



Lunar New Year annual dinner celebration at SGL

SUSTAINABILITY STATEMENT (CONT'D)

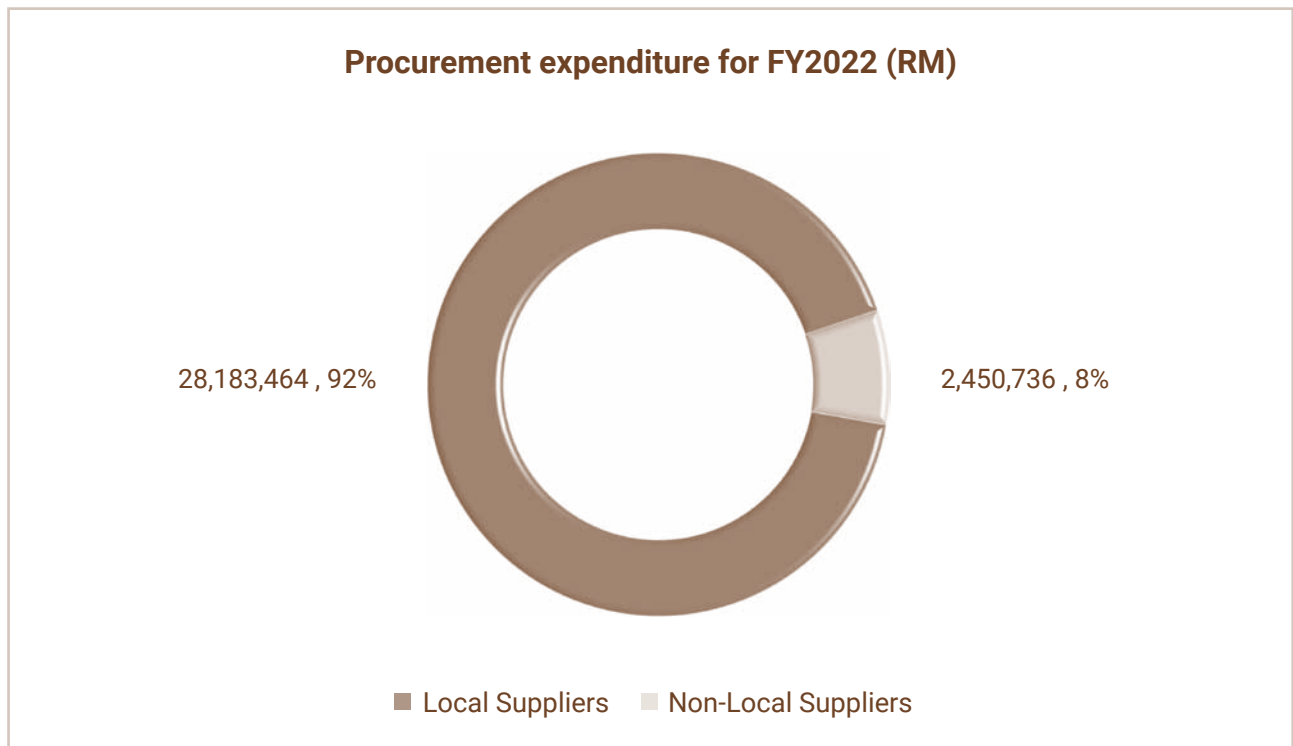
Responsible Sourcing

As clothing manufacturing organisations, SGL and WHD procure input materials such as cartons, fabrics and plastic bags to produce our apparel. We understand that proper supply chain management is essential to ensure no disruptions in production hence maintaining customers' trust in the Group.

WHD has established a procurement KPI to ensure all our suppliers are paid on time during FY2022. We achieved **72%** of timely payments to suppliers in FY2022.

One (1) criterion we emphasised during our supplier selection process, especially in light of the numerous global supply chain disruptions caused by the pandemic was to reduce supply chain disruption risks. The Group has allotted a majority of procurement budget for local suppliers.




In FY2022, we expended **92%** of our **RM 30,634,200** procurement budget to local suppliers.



SUSTAINABILITY STATEMENT
(CONT'D)

Community Engagement

As a responsible corporate player, PCCS recognises our responsibility to surrounding communities to create positive value and improve their quality of life. With our corporate social responsibility efforts, we have supported various local community initiatives over the years. Despite the restrictions brought on by the Covid-19 pandemic during FY2022, we have remained committed to giving back to our communities.

PCCS's Community Engagement for FY2022	
<p><u>Yayasan Amal Rotary Club Batu Pahat – Ramatex 'Hand-in-Hand Online Charity Night'</u></p> <p>PCCS Group Berhad headquarters ("HQ") in participated and contributed to Yayasan Amal Rotary Club Batu Pahat – Ramatex 'Hand-in-Hand Online Charity Night'. This event was part of Yayasan Amal Rotary Club Batu Pahat's Dialysis Extension Project which aims to achieve a zero waiting list for all new dialysis patients in Batu Pahat.</p> <p>Contribution: RM 50,000</p>	
	<p><u>Berita Kesatuan Pekerja Bomba dan Penyelamat, Semenanjung Malaysia Hari Bomba 2022</u></p> <p>The HQ participated in <i>Hari Bomba 2022</i> which aims to increase community awareness of fire safety and prevention.</p> <p>Contribution: RM 2,450</p>
<p><u>Khmer New Year 2022</u></p> <p>In conjunction with the Khmer New Year in Cambodia, WHD held a community-wide celebration event which included give-aways such as fans, electrical products and even monetary contributions for the purchases of motorcycles.</p> <p>Contribution: RM 16,925</p>	

CONCLUSION

As society adapts to the 'new normal' brought on by the Covid-19 pandemic, PCCS realises the need for embedding sustainability throughout our value chain to maintain business continuity in these uncertain times. We strive to strengthen our relationships with stakeholders through steady active engagements to gauge their expectations of our operations.

Moving forward, we will take measures to identify areas for improvement within our operations to address gaps in our ESG performance in hopes of achieve our sustainability agenda to ensure long-term success.

SUSTAINABILITY STATEMENT (CONT'D)

GRI CONTENT INDEX

GRI Indicators	Content of Disclosures	Page
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3-3	<i>Management approach</i>	<i>Throughout</i>
	ECONOMIC	
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SUSTAINABILITY STATEMENT (CONT'D)

GRI CONTENT INDEX (CONT'D)

GRI Indicators	Content of Disclosures	Page
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FINANCIALS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year		
- Continuing operations	5,162	13,334
- Discontinued operations	(5,310)	-
	(148)	13,334
Attributable to:		
Owners of the Company	2,900	13,334
Non-controlling interests	(3,048)	-
	(148)	13,334

DIVIDEND

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

	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

The directors do not recommend the payment of the final dividend in respect of the financial year ended 31 March 2022.

RESERVES OR PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT (CONT'D)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 2,914,400 new ordinary shares pursuant to the exercise of the Company's Employee Share Option Scheme ("**ESOS**") amounting to RM1,561,000 as disclosed in Note 18 to the financial statements.

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

During the financial year, the Company did not issue any debentures.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 26 August 2019, the Company's shareholders approved the establishment of an ESOS for directors and employees who meet the criteria of eligibility for participation.

The salient features and other details of the ESOS are disclosed in Note 19(d) to the financial statements.

WARRANTS

On 3 January 2018, the Company executed a deed poll pertaining to the creation and issuance of 90,017,957 units of free detachable warrants ("**the Warrants**").

The Company issued 90,017,957 units of the Warrants to the shareholders of the Company on the basis of three (3) warrants for every five (5) right shares subscribed for. The Warrants are listed on the Main Market of Bursa Malaysia Securities Berhad. The main features of the Warrants are disclosed in Note 19(a).

As at the end of the financial year, 90,017,957 units of the Warrants remained unexercised.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Chan Choo Sing *
 Chan Chow Tek *
 Dato' Chan Chor Ngiak *
 Chan Chor Ang *
 Julian Lim Wee Liang
 Piong Yew Peng
 Chan Wee Kiang*
 Chan Wee Boon*
 Joyce Wong Ai May

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Abdul Muttalib Bin Jasmani
 Tan Kwee Kee
 Pan Jing
 Lim Hock Beng
 Chen TianSheng
 Tang Lai Huat
 Shi XiaoQun
 Wang WenJun
 Hooi Toong Wan
 Ng Hee Choon
 Kam Lian Hooi

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and share option granted under ESOS in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	At 1 April 2021	Number of ordinary shares		At 31 March 2022
		Bought	Sold/ Transferred	
Direct interests:				
Chan Choo Sing	8,256,102	120,000	–	8,376,102
Chan Chow Tek	5,456,142	4,140,000	–	9,596,142
Dato' Chan Chor Ngiak	4,847,960	–	–	4,847,960
Chan Chor Ang	4,407,969	–	–	4,407,969
Chan Wee Kiang	2,111,964	100,000	–	2,211,964
Piong Yew Peng	–	50,000	–	50,000
Julian Lim Wee Liang	–	50,000	–	50,000
Chan Wee Boon	–	100,000	–	100,000

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

Interests in the Company (Cont'd)

	At 1 April 2021	Number of ordinary shares		At 31 March 2022
		Bought	Sold/ Transferred	
Indirect interests:				
Chan Choo Sing ^{*^}	91,582,092	3,242,200	(2,111,964)	92,712,328
Dato' Chan Chor Ngiak [#]	4,665	-	-	4,665
Chan Chor Ang [#]	100,000	-	-	100,000
Chan Wee Kiang [*]	88,048,028	3,042,200	-	91,090,228

* Shares held through Company in which the directors have substantial financial interest

Shares held through spouse

^ Shared held through spouse and son

	At 1 April 2021	Number of Warrant 2018/2022		At 31 March 2022
		Bought	Sold	
Direct interest:				
Dato' Chan Chor Ngiak	30,400	-	-	30,400
Indirect interests:				
Chan Choo Sing	4,707,902	-	-	4,707,902
Chan Wee Kiang	4,707,902	-	-	4,707,902
Dato' Chan Chor Ngiak	1,999	-	-	1,999

	At 1 April 2021	Number of ESOS		At 31 March 2022
		Granted	Exercised	
Direct interests:				
Chan Choo Sing	120,000	210,000	(120,000)	210,000
Julian Lim Wee Liang	50,000	140,000	(50,000)	140,000
Piong Yew Peng	50,000	140,000	(50,000)	140,000
Chan Wee Kiang	100,000	210,000	(100,000)	210,000
Chan Wee Boon	100,000	210,000	(100,000)	210,000
Chan Chow Tek	-	140,000	(140,000)	-
Dato' Chan Chor Ngiak	-	160,000	-	160,000
Chan Chor Ang	-	140,000	-	140,000

By virtue of their interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Chan Choo Sing and Chan Wee Kiang are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
- Fees	546	546
- Remuneration	2,962	-
- Post-employment benefits	52	18
- Share-based payments	225	225
	3,785	789
Directors of subsidiaries		
- Fees	2	-
- Remuneration	1,632	-
- Post-employment benefits	3	-
- Share-based payments	58	-
	1,695	-

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company were RM1,000,000 and RM5,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

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

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 36 to the financial statements.



DIRECTORS' REPORT (CONT'D)

AUDITORS

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

The auditors' remuneration of the Group and the Company during the financial year are RM419,000 and RM101,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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

CHAN CHOO SING
Director

CHAN CHOW TEK
Director

Date: 22 July 2022

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	75,722	123,985	184	251
Investment properties	6	16,831	9,800	–	–
Intangible assets	7	13	–	–	–
Investment in subsidiaries	8	–	–	55,463	62,988
Lease receivables	9	7,975	–	–	–
Other receivables	11	172	170	–	–
Deferred tax assets	21	283	561	–	–
Total non-current assets		100,996	134,516	55,647	63,239
Current assets					
Inventories	10	95,221	68,198	–	–
Trade and other receivables	11	60,925	61,194	26,656	17,097
Lease receivables	9	1,151	–	–	–
Contract assets	12	1,965	1,848	–	–
Other current assets	13	4,726	6,235	39	40
Tax assets	14	–	1,077	57	39
Short-term funds	15	19,215	12,945	13,230	6,588
Deposits, cash and bank balances	16	35,075	37,696	12,057	5,283
		218,278	189,193	52,039	29,047
Assets of a disposal group classified as held for sale	17	75,313	–	–	–
Total current assets		293,591	189,193	52,039	29,047
TOTAL ASSETS		394,587	323,709	107,686	92,286

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022
(CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	86,270	84,709	86,270	84,709
Warrants reserve	19	6,383	6,383	6,383	6,383
Foreign exchange reserve	19	11,284	8,743	–	–
Legal reserve fund	19	3,890	3,006	–	–
Share option reserve	19	321	846	321	846
Retained earnings/ (Accumulated losses)		55,821	56,479	5,777	(5,415)
		163,969	160,166	98,751	86,523
Non-controlling interests		5,336	6,268	–	–
TOTAL EQUITY		169,305	166,434	98,751	86,523
Non-current liabilities					
Loans and borrowings	20	9,192	26,993	–	6
Total non-current liabilities		9,192	26,993	–	6
Current liabilities					
Loans and borrowings	20	50,246	44,330	6	54
Trade and other payables	22	101,824	85,952	8,929	5,703
Tax liabilities	14	3,451	–	–	–
		155,521	130,282	8,935	5,757
Liabilities of a disposal group classified as held for sale	17	60,569	–	–	–
Total current liabilities		216,090	130,282	8,935	5,757
TOTAL LIABILITIES		225,282	157,275	8,935	5,763
TOTAL EQUITY AND LIABILITIES		394,587	323,709	107,686	92,286

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Revenue	23	415,874	327,061	21,598	3,919
Cost of sales	24	(347,302)	(261,405)	-	-
Gross profit		68,572	65,656	21,598	3,919
Other income	25	9,531	1,363	549	108
Administrative expenses		(68,913)	(50,997)	(3,247)	(3,387)
Net impairment losses on financial assets		(241)	(252)	(4,606)	(34)
Selling and marketing expenses		(566)	(7,490)	-	-
Other expenses		-	-	(945)	-
		(69,720)	(58,739)	(8,798)	(3,421)
Profit from operations		8,383	8,280	13,349	606
Finance costs	26	(1,621)	(1,980)	(2)	(5)
Profit before tax	27	6,762	6,300	13,347	601
Tax expense	29	(1,600)	(2,227)	(13)	(15)
Profit for the financial year from continuing operations		5,162	4,073	13,334	586
Loss for the financial year from discontinued operation, net of tax	17	(5,310)	(2,925)	-	-
(Loss)/Profit for the financial year		(148)	1,148	13,334	586
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		2,726	2,640	-	-
Total comprehensive income for the financial year		2,578	3,788	13,334	586

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022
 (CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		7,720	5,828	13,334	586
- From discontinued operations		(4,820)	(2,652)	-	-
		2,900	3,176	13,334	586
Non-controlling interests					
- From continuing operations		(2,558)	(1,755)	-	-
- From discontinued operations		(490)	(273)	-	-
		(148)	1,148	13,334	586
Total comprehensive income/(loss) attributable to:					
Owners of the Company					
- From continuing operations		10,261	8,643	13,334	586
- From discontinued operations		(4,820)	(2,925)	-	-
		5,441	5,718	13,334	586
Non-controlling interests					
- From continuing operations		(2,373)	(1,657)	-	-
- From discontinued operations		(490)	(273)	-	-
		2,578	3,788	13,334	586
Basic earnings/(loss) per share (sen):					
	30				
- From continuing operations		3.60	2.75		
- From discontinued operations		(2.25)	(1.25)		
		1.35	1.50		
Diluted earnings/(loss) per share (sen):					
	30				
- From continuing operations		3.60	2.75		
- From discontinued operations		(2.25)	(1.25)		
		1.35	1.50		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

Group	Attributable to owners of the Company							Total equity RM'000	
	Share capital RM'000	Share option reserve RM'000	Warrants reserve RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Retained earnings RM'000	Total RM'000		Non-controlling interests RM'000
At 1 April 2021	84,709	846	6,383	8,743	3,006	56,479	160,166	6,268	166,434
Total comprehensive income for the financial year	-	-	-	-	-	2,900	2,900	(3,048)	(148)
Profit for the financial year	-	-	-	-	-	-	-	-	-
Other comprehensive income for the financial year	-	-	-	2,541	-	-	2,541	185	2,726
Total comprehensive income	-	-	-	2,541	-	2,900	5,441	(2,863)	2,578
Transactions with owners									
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	1,000	1,000
Issue of ordinary shares pursuant to ESOS	1,561	(471)	-	-	-	-	1,090	-	1,090
Share option issued	-	345	-	-	-	-	345	-	345
Lapsed share option	-	(399)	-	-	-	399	-	-	-
Legal reserve fund	-	-	-	-	884	(884)	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	(931)	(931)	931	-
Dividend paid on shares	-	-	-	-	-	(2,142)	(2,142)	-	(2,142)
Total transactions with owners	1,561	(525)	-	-	884	(3,558)	(1,638)	1,931	293
At 31 March 2022	86,270	321	6,383	11,284	3,890	55,821	163,969	5,336	169,305

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

Group	Attributable to owners of the Company							Total equity RM'000	
	Share capital RM'000	Share option reserve RM'000	Warrants reserve RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Retained earnings RM'000	Total RM'000		Non-controlling interests RM'000
At 1 April 2020	83,830	1,113	6,383	6,201	3,006	52,976	153,509	7,274	160,783
Total comprehensive income for the financial year									
Profit for the financial year	-	-	-	-	-	3,176	3,176	(2,028)	1,148
Other comprehensive loss for the financial year	-	-	-	2,542	-	-	2,542	98	2,640
Total comprehensive income	-	-	-	2,542	-	3,176	5,718	(1,930)	3,788
Transactions with owners									
Changes in ownership interest in a subsidiary	-	-	-	-	-	327	327	(1,551)	(1,224)
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	2,475	2,475
Issue of ordinary shares pursuant to ESOS	879	(267)	-	-	-	-	612	-	612
Total transactions with owners	879	(267)	-	-	-	327	939	924	1,863
At 31 March 2021	84,709	846	6,383	8,743	3,006	56,479	160,166	6,268	166,434

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

	← Attributable to owners of the Company (Accumulated losses)/					→
	Share capital RM'000	Share option reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total equity RM'000	
Company						
At 1 April 2021	84,709	846	6,383	(5,415)	86,523	
Total comprehensive income for the financial year	-	-	-	13,334	13,334	
Profit for the financial year, representing total comprehensive income						
Transactions with owners						
Issue of ordinary shares pursuant to ESOS, representing total transactions with owners	1,561	(471)	-	-	1,090	
Share option issued	-	345	-	-	345	
Lapsed share options	-	(399)	-	-	(399)	
Dividends paid on shares	-	-	-	(2,142)	(2,142)	
	1,561	(525)	-	(2,142)	(1,106)	
At 31 March 2022	86,270	321	6,383	5,777	98,751	
	← Attributable to owners of the Company					→
	Share capital RM'000	Share option reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000	
Company						
At 1 April 2020	83,830	1,113	6,383	(6,001)	85,325	
Total comprehensive income for the financial year	-	-	-	586	586	
Profit for the financial year, representing total comprehensive income						
Transactions with owners						
Issue of ordinary shares pursuant to ESOS, representing total transactions with owners	879	(267)	-	-	612	
	84,709	846	6,383	(5,415)	86,523	
At 31 March 2021						

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- Continuing operations		6,762	6,300	13,347	601
- Discontinued operations		(6,246)	(2,975)	-	-
		516	3,325	13,347	601
Adjustments for:					
Bad debts written off		12	324	-	-
Depreciation on property, plant, and equipment		12,868	12,820	87	85
Depreciation on investment properties		847	253	-	-
Dividend income from short-term funds		(103)	(43)	(35)	(22)
Fair value gain on short-term funds		(117)	(14)	(68)	-
Gain on lease modification		-**	-	-	-
Interest expense		3,389	3,582	2	5
Interest income		(169)	(298)	(41)	(80)
Loss/(gain) on disposal of property, plant and equipment		258	128	-*	(6)
Net impairment losses on:					
- investment in subsidiaries		-	-	501	996
- property, plant and equipment		1,227	406	-	-
- lease receivables		241	-	-	-
- trade and other receivables		-	394	-	-
- amounts owing by subsidiaries		-	-	4,606	34
Inventories written back		(303)	(305)	-	-
Property, plant and equipment written off		5	46	-	-
Share-based payments		345	-	277	-
Unrealised (gain)/loss on foreign exchange		(831)	3,088	6	513
		17,669	20,381	5,335	1,525
Operating cash flows before changes in working capital, carried forward					
		18,185	23,706	18,682	2,126

* represents the gain on disposal of property, plant and equipment of RM400.

** represents the gain on lease modification of RM231.