



**PCCS GROUP BERHAD**

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

AMNUJAI 2023  
REPORT

**P**assion  
**C**are  
**C**ommitment  
**S**ustainability



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Ninth (“29th”) 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, 28 August 2023 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 2023 together with the Reports of the Directors and the Auditors thereon.  | <b>Please refer to<br/>Explanatory Note B1</b> |
| 2. | To re-elect Ms. Goh Wen Ling, the Director of the Company, who retire pursuant to Clause 115 of the Company’s Constitution, and being eligible, has offered herself for re-election.   | <b>Resolution 1</b>                            |
| 3. | 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:-<br><br>(a) Mr. Chan Chor Ang<br>(b) Mr. Piong Yew Peng                    | <b>Resolution 2<br/>Resolution 3</b>           |
| 4. | To approve the payment of Directors’ fees amounting to RM561,855/- for the financial year ended 31 March 2023.   | <b>Resolution 4</b>                            |
| 5. | To approve the benefits payable to the Independent Non-Executive Directors up to RM30,000/- for the period from 28 August 2023 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016. | <b>Resolution 5</b>                            |
| 6. | To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.   | <b>Resolution 6</b>                            |

#### As Special Business

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

- |    |   |                     |
|----|---|---------------------|
| 7. | <b>ORDINARY RESOLUTION</b><br><b>- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</b> | <b>Resolution 7</b> |
|----|---|---------------------|

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“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 ten per centum (10%) of the total number of issued shares of the Company (excluding Treasury Shares, if any) for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)

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 THAT pursuant to Section 85 of the Companies Act 2016 to read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Companies Act 2016;

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 SHARE BUY-BACK AUTHORITY**

**Resolution 8**

“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);
- (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;



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (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."

### 9. ORDINARY RESOLUTION

#### - **PROPOSED ALLOCATION OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OPTIONS TO MS. GOH WEN LING**

**Resolution 9**

"THAT subject to the approvals of all the relevant regulatory authorities being obtained, the approval be and is hereby given to the Board of Directors ("**Board**") to authorise the ESOS Committee to offer, from time to time throughout the duration of the ESOS, ESOS Options to subscribe for such number of new ordinary shares in the Company under the ESOS to Ms. Goh Wen Ling, the Independent Non-Executive Director of the Company, provided that not more than 10% of the new ordinary shares in the Company made available under the ESOS and any other employee share schemes which may be implemented from time to time by the Company is allocated to her if she, either singly or collectively through persons connected with her, holds 20% or more of the total number of issued ordinary shares in the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-Laws and/or any adjustments which may be made in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time."

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  
28 July 2023

NOTICE OF ANNUAL GENERAL MEETING  
(CONT'D)

**Notes:**

**(A) Information for Shareholders/Proxies**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 August 2023 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the member at the Meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting and upon appointment, a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. Where a member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.
7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - (a) the constitution of the quorum at such meeting;
  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

**Explanatory Notes to Ordinary and Special Business:-**

**(B) Audited Financial Statements for the financial year ended 31 March 2023**

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.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### **(C) Resolution 7 – Authority to Issue Shares pursuant to the Companies Act 2016**

1. The Company wishes to renew the mandate on the authority to issue shares of not more than ten per centum (10%) of the total issued shares capital for the time being pursuant to the Companies Act 2016 at the Twenty-Ninth Annual General Meeting of the Company (“**General Mandate**”).

The Company had been granted a general mandate on the authority to issue shares pursuant to the Companies Act 2016 by its shareholders at the Twenty-Eighth Annual General Meeting of the Company held on 29 August 2022 (“**Previous Mandate**”).

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 General Mandate, the Board is of the opinion that the seeking of the General Mandate would be in the best interest of the Company and its shareholders, on the following basis: -

- the 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 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 General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities when they are identified.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 14 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities.

### **(D) Resolution 8 – Proposed Renewal of Share Buy-Back Authority**

1. The Proposed Resolution 8 is to renew the authority granted by the shareholders of the Company at the Twenty-Eighth Annual General Meeting held on 29 August 2022. The Proposed Renewal of Share Buy-Back Authority, if passed, will empower the Board 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.

### **(E) Resolution 9 – Proposed Allocation of ESOS Options to Ms. Goh Wen Ling**

1. The Proposed Resolution 9 is made pursuant to the ESOS which had approved by the shareholders of the Company at the Extraordinary General Meeting held on 26 August 2019.

The Proposed Resolution 9, if passed, will allow the Board to authorise the ESOS Committee to offer and grant ESOS options to Ms. Goh Wen Ling, the Independent Non-Executive Director of the Company to participate in the ESOS in accordance with the By-Laws of the ESOS of the Company.

Ms. Goh Wen Ling, being an interested Director in this resolution shall abstain from deliberation and voting in respect of her direct and indirect shareholdings in the Company on this resolution. She will also ensure that persons connected to her will abstain from voting on their direct and/or indirect shareholdings in the Company, if any, on this resolution.

# CORPORATE STRUCTURE

AS AT 28 JULY 2023



## PCCS Group Berhad

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



- Apparel Division
- Credit Financing Division
- Embroidery, Printing & Seamless Bonding Division
- Label & Packaging Division
- Others





## CORPORATE INFORMATION

### **Chan Choo Sing**

Group Executive Chairman  
(resigned w.e.f 26 May 2023)

### **Piong Yew Peng**

Senior Independent Non-Executive Chairman  
(redesignated w.e.f 26 May 2023)

### **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  
(resigned w.e.f 26 May 2023)

### **Joyce Wong Ai May**

Independent Non-Executive Director

### **Goh Wen Ling**

Independent Non-Executive Director  
(appointed w.e.f 1 September 2022)

# Board of Directors

### **AUDIT COMMITTEE**

Joyce Wong Ai May (Chairperson)  
(appointed w.e.f 23 May 2022)  
(redesignated w.e.f 26 May 2023)

Goh Wen Ling  
(appointed w.e.f 26 May 2023)

Dato' Chan Chor Ngiak  
(resigned w.e.f 23 May 2022)  
(appointed w.e.f 26 May 2023)

Piong Yew Peng  
(resigned w.e.f 26 May 2023)

Julian Lim Wee Liang  
(resigned w.e.f 26 May 2023)

### **NOMINATION COMMITTEE**

Joyce Wong Ai May (Chairperson)  
(appointed w.e.f 26 May 2023)

Goh Wen Ling  
(appointed w.e.f 1 September 2022)

Dato' Chan Chor Ngiak

Chan Choo Sing  
(resigned w.e.f 23 May 2022)

Piong Yew Peng  
(redesignated w.e.f 23 May 2022)  
(resigned w.e.f 26 May 2023)

Julian Lim Wee Liang  
(redesignated w.e.f 23 May 2022)  
(resigned w.e.f 1 September 2022)

### **REMUNERATION COMMITTEE**

Goh Wen Ling (Chairperson)  
(appointed w.e.f 1 September 2022)  
(redesignated w.e.f 26 May 2023)

Joyce Wong Ai May  
(appointed w.e.f 26 May 2023)

Dato' Chan Chor Ngiak

Piong Yew Peng  
(resigned w.e.f 26 May 2023)

Julian Lim Wee Liang  
(resigned w.e.f 1 September 2022)

### **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 8871  
Fax No: 07-456 8860  
Email address: lhtang@pccsgroup.net

### **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  
Email address: info@sshshb.com.my

### **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**

Enoil 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**

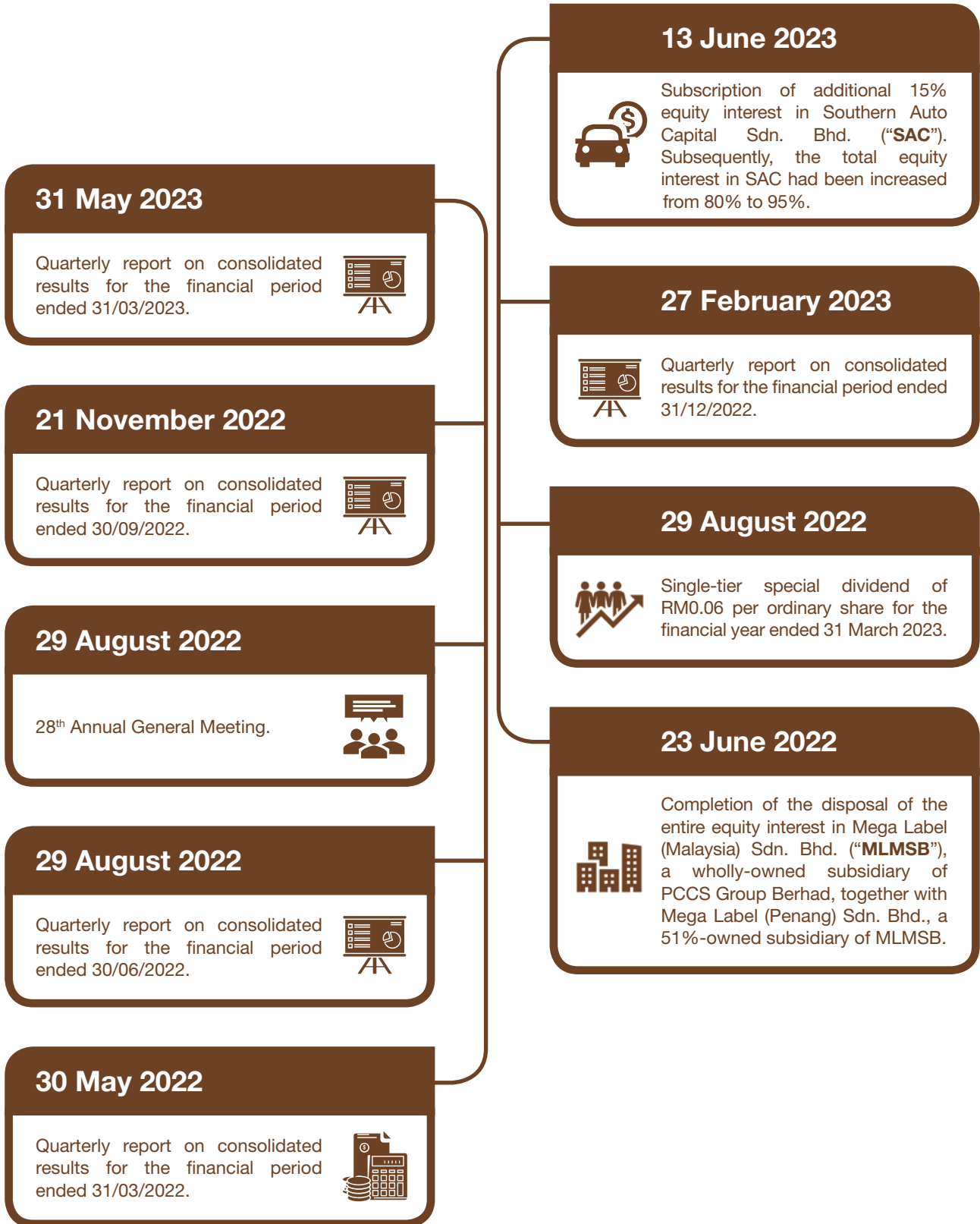
Main Market of Bursa Malaysia  
Securities Berhad

### **CORPORATE WEBSITE**

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

# CORPORATE CALENDAR

1 APRIL 2022 TO 28 JULY 2023



## PROFILE OF DIRECTORS



Mr. Piong was appointed to the Board on 1 April 2015 as Independent Non-Executive Director and was re-designated as Senior Independent Non-Executive Chairman on 26 May 2023.

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

Mr. Piong does not have any family relationship with any Director or major shareholder of the Company. He is the Director of public companies, namely The Pay Fong School Berhad and Premier Pay Fong Foundation. He is also represents the Malacca Chinese Chamber of Commerce and Industry to serve as the Director of Memorial Venture Berhad. In addition, he has no directorships in other listed companies.

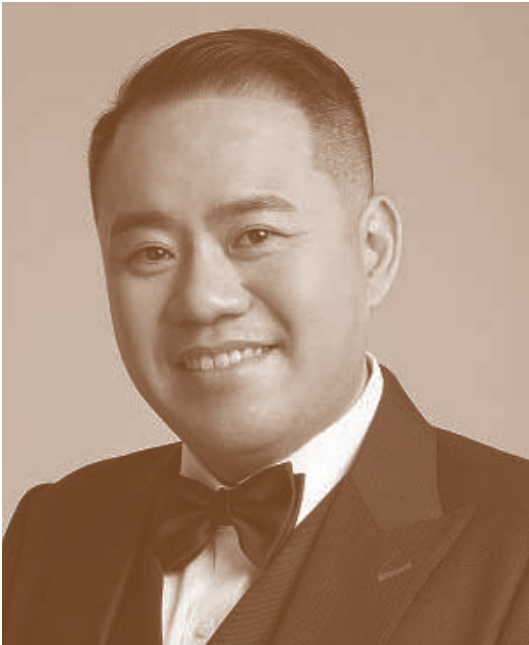
He attended four (4) out of five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2023.

### PIONG YEW PENG

Senior Independent Non-Executive Chairman

Nationality	Malaysian
Gender	Male
Age	53

PROFILE OF DIRECTORS  
(CONT'D)



Mr. Chan Wee Kiang (**David**) was appointed to the Board on 2 November 2020 as the Group Managing Director.

He received a Bachelor of Commerce (Accounting and Finance) from Monash University, Clayton Campus, Melbourne, Australia in 2006.

David started his career in Perusahaan Chan Choo Sing Sdn. Bhd. (currently known as La Prima Medtech Sdn. Bhd.) as a Marketing Executive since 2002 and subsequently being promoted as Marketing Manager in year 2003. In year 2007, he was appointed as Group Marketing Manager in PCCS Group Berhad ("**PCCS**") and subsequently promoted as Deputy Group General Manager in year 2008. He was then promoted as Group Managing Director on 2 November 2020.

David is a substantial shareholder of PCCS effective from 20 March 2018. He is the son of Mr. Chan Choo Sing and Madam Tan Kwee Kee (the major shareholders of PCCS) and the brother of Mr. Chan Wee Boon (the Director of PCCS). He has indirect interest of 30% in the equity of CCS Capital Sdn. Bhd., the major shareholder of PCCS.

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

He attended all five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2023.

**CHAN WEE KIANG**

Group Managing Director

Nationality	Malaysian
Gender	Male
Age	45

**PROFILE OF DIRECTORS**  
 (CONT'D)



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 the 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.

He is the son of Mr. Chan Choo Sing and Madam Tan Kwee Kee (the major shareholders 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 companies and listed companies.

He attended all five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2023.

**CHAN WEE BOON**  
 Executive Director

<b>Nationality</b>	Malaysian
<b>Gender</b>	Male
<b>Age</b>	43

PROFILE OF DIRECTORS  
(CONT'D)



**CHAN CHOW TEK**

Non-Independent Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Gender</b>	Male
<b>Age</b>	66

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 fifty (50) 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.

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

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

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

He attended all five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2023.

**PROFILE OF DIRECTORS**  
**(CONT'D)**



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 Audit, 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 Chow Tek (the Director and major shareholder of PCCS), Mr. Chan Chor Ang (the Director of PCCS) and Mr. Chan Choo Sing (the major shareholder of PCCS).

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

He attended four (4) out of five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2023.

**DATO' CHAN CHOR NGIAK**  
Non-Independent Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Gender</b>	Male
<b>Age</b>	61

PROFILE OF DIRECTORS  
(CONT'D)



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 forty (40) years of experience in the textile and garment industry.

Mr. Chan is the brother of Mr. Chan Chow Tek (the Director and major shareholder of PCCS), Dato' Chan Chor Ngiak (the Director of PCCS) and Mr. Chan Choo Sing (the major shareholder of PCCS).

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

He attended all five (5) Board of Directors' Meetings of the Company in the financial year ended 31 March 2023.

**CHAN CHOR ANG**

Non-Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Age	60



**PROFILE OF DIRECTORS**  
 (CONT'D)



**JOYCE WONG AI MAY**  
 Independent Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Gender</b>	Female
<b>Age</b>	47

Ms. Joyce was appointed to the Board on 2 November 2020. She is the Chairperson of the Audit and Nomination Committees. She is also a member of the Remuneration 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, the Institute of Internal Auditors Malaysia and a fellow member of Certified Practising Accountants (CPA) Australia.

She started her career with Smith Zain Securities Sdn. Bhd. as an Accounts Executive in 1999 and was subsequently promoted to 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 was promoted to 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 CPA Australia, a member of the Finance Committee of a non-profit organisation and also an Independent Non-Executive Director and Audit Committee Chairman of both Dufu Technology Corp. Berhad and Edelteq Holdings Berhad.

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

She attended all five (5) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2023.

PROFILE OF DIRECTORS  
(CONT'D)



Ms. Goh was appointed to the Board on 1 September 2022. She is the Chairperson of Remuneration Committee. She is also a member of Audit and Nomination Committee.

Ms. Goh earned a Bachelor of Laws with Honours from the University of Hull in 2000. Inns of Court School of Law at City University London awarded her a postgraduate diploma a year after 2000. In year 2001, she was called to the Bar of England and Wales as a Barrister-at-Law of the Honourable Society of the Middle Temple. She was then admitted to the High Court of Malaya as an advocate and solicitor in 2002.

Ms. Goh has more than nineteen (19) years of expertise in the legal industry encompassing direct real estate acquisitions and divestments, retail banking and various aspects of financing, as well as corporate and commercial legal practice.

Ms. Goh kick started her career in Shook Lin & Bok as a pupil-in-chambers in 2001. In July 2002, she was appointed as a Legal Assistant in the department of intellectual property to review and provide advice on the registration of trademarks, patents, and industrial designs registration, as well as trade mark and copyright infringement.

**GOH WEN LING**

Independent Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Gender</b>	Female
<b>Age</b>	44

Ms. Goh decided to leave the law profession and create her own event management business, Aldrea Dream Media Sdn. Bhd. In year 2003, she returned to legal practice and joined Messrs. Andrew T.S. Goh & Khairil as a Junior Partner and Head of the Conveyancing, Corporate and Banking department and currently still active in legal practice. Her primary areas of expertise include providing advice and drafting shareholder agreements, joint venture agreements (for government and housing development projects), shareholder agreements, share sale agreements, sales and purchase agreements, and Islamic banking loan documentation for various financial institutions and credit companies.

Ms. Goh also sits on the Board of Leong Hup International Berhad, Teo Seng Capital Berhad and MYMBN Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company.

She attended all two (2) Board of Directors' Meetings held in the financial year ended 31 March 2023 since her appointment.

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 2023.
- 2) None of the Directors have any conflict of interest with the Company.

## PROFILE OF KEY SENIOR MANAGEMENT



**TANG LAI HUAT**  
Corporate Controller

<b>Nationality</b>	Malaysian
<b>Gender</b>	Male
<b>Age</b>	40

Dr. Tang was appointed as Financial Controller of PCCS Group Berhad (“**PCCS**”) on 1 September 2016 and was subsequently appointed as Corporate Controller on 1 March 2018. He is responsible for leading and overseeing the Corporate Office as well as the finance and accounting functions of the Group. As a strategic partner, he develops and implements the operational policies and strategic plans in the Group. Currently, he is also leads PCCS’s Medical and Credit Divisions.

Dr. Tang holds Doctorate Degree in 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 - China from Harvard Business School (US) and Peking University (China).

Dr. Tang began his career as an Audit Assistant in LNB Management Consultancy. After that, he joined several manufacturing companies and gained extensive experience in the 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 & Accounts 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. Dr. Tang is also a committee member of Chung De Classics Education Association Malaysia.

Dr. Tang presently serves on the boards of various private limited companies. He has no directorships in any public companies or listed companies. He does not have any family relationship with any Director and/or major shareholder of the Company and he does not have any conflicts of interest with PCCS.

Other than traffic offenses, if any, he does not have any convictions for offenses within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2023.

PROFILE OF KEY SENIOR MANAGEMENT  
(CONT'D)



**TAN KWEE KEE**  
Manufacturing Director

<b>Nationality</b>	Malaysian
<b>Gender</b>	Female
<b>Age</b>	65

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 fifty (50) 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 is also oversees the day-to-day operations and performance of the manufacturing sector of those subsidiaries.

Although she does not possess a tertiary education qualification, with her years of experience accumulated in PCCS, she possesses a certain level of management skills. She is also actively attending management courses i.e. Japan Lean Monozukuri Study in 2017, Program Wealth Master, Design of Equity Incentive Scheme in 2018 and etc, which allows her to play a positive role in PCCS.

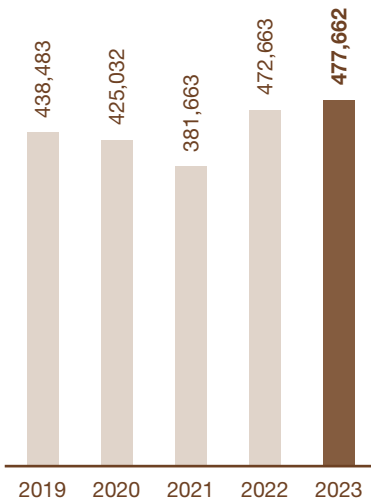
Madam Tan has no directorships in other public companies and listed companies and she does not have any conflict of interest with PCCS.

Madam Tan is a substantial shareholder of PCCS effective from 17 July 2014. She is the wife of Mr. Chan Choo Sing (the 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 an indirect interest of 20% in the equity of CCS Capital Sdn. Bhd., who is the major shareholder of PCCS.

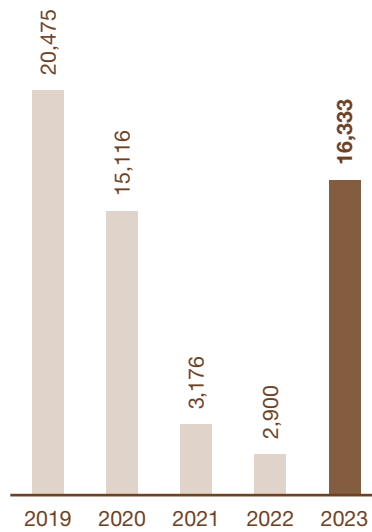
Other than traffic offences, if any, she does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during the financial year ended 31 March 2023.

## FIVE (5) YEARS' KEY FINANCIAL HIGHLIGHTS

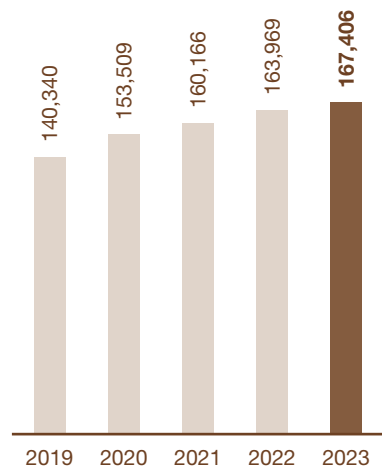
### REVENUE (RM'000)



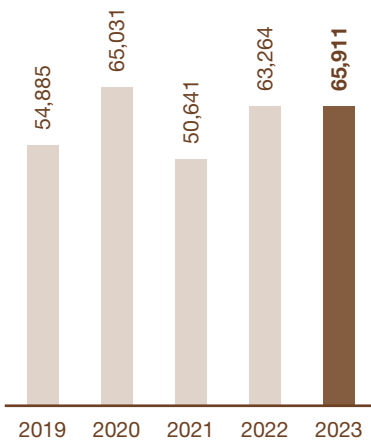
### NET PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RM'000)



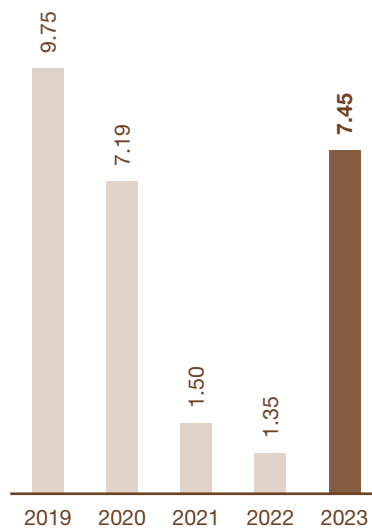
### SHAREHOLDERS' FUND (RM'000)



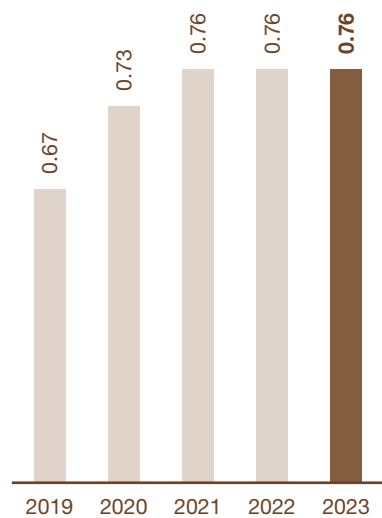
### SHORT-TERM FUND\*, CASH AND CASH EQUIVALENTS (RM'000)



### EARNINGS PER SHARE (Sen)



### NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (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.

**Dear Shareholders,**

I am delighted to present to you the Annual Report 2023 of PCCS Group Berhad (“PCCS”), alongside the Audited Financial Statements for the financial year ended 31 March 2023 (“FY2023”). It is with great pleasure to share with you PCCS’s accomplishments and resilience despite the challenges we faced in the FY2023.

#### **A CHALLENGING YEAR**

FY2023 presented us with a unique set of obstacles, testing our ability to navigate through uncertainty and disruption. The ongoing impacts of the COVID-19 pandemic continued to reverberate across industries, including the apparel sector in which we operate. Our supply chain experienced significant instability due to rising costs of raw materials, labor and transportation. These hurdles resulted in operational difficulties to many companies, including PCCS.

However, PCCS has always adhered to our unwavering corporate culture, rooted in the principles of “Passion, Care, Commitment and Sustainability.” In the face of the pandemic’s challenges, we proactively responded to protect the well-being and livelihoods of our employees, while minimising the impact of order delivery delays to our valued customers. Additionally, we seized the opportunity to aggressively expand our medical and credit financing businesses, bolstering PCCS’s competitiveness and future profitability.

## **CHAIRMAN’S LETTER TO SHAREHOLDERS**

Despite the obstacles encountered, I am pleased to inform you that we have successfully concluded the FY2023 in a positive note. Our adaptability and resilience have allowed us to overcome these challenges and continue bringing value to our stakeholders.

#### **PERFORMANCE REVIEW**

During FY2023, the Group recorded higher revenue from continuing operations of RM463.43 million as compared to RM415.87 million achieved in the previous financial year, marking an increase of 11.43% in revenue. The profit attributable to the owner of the company for continuing operations rose by 32.25% to RM10.21 million as compared to RM7.72 million in the previous financial year. This favorable outcome was mainly due to the significant surge in orders received from Hong Kong Apparel as compared to the prior financial year. Additionally, a gain of RM6.12 million was derived from the disposal of subsidiaries, namely Mega Label (Malaysia) Sdn. Bhd. and Mega Label (Penang) Sdn. Bhd. as against loss from discontinued operations of RM4.82 million a year ago.

## CHAIRMAN'S LETTER TO SHAREHOLDERS (CONT'D)

### OUR COMPETITIVE ADVANTAGE

At PCCS, we are dedicated to delivering exceptional value to our customers, leveraging our competitive advantages to drive our success. One of our key strengths lies in our commitment to provide the high-quality products and services at competitive prices. By following a cost-leadership strategy and ensuring on-time delivery, we consistently meet and exceed customer expectations.

We prioritise in building strong relationships with both our customers and suppliers, working closely together to optimise our sourcing and processing processes. This approach allows us to minimise production costs while maintaining product quality, giving us a competitive edge in the market. Our ability to offer competitive prices without compromising on quality has been instrumental in attracting and retaining a loyal customer base.

As we look towards the future, PCCS is focused on fostering a culture of innovation and embracing new energy and green technology in all our future group businesses. By incorporating these sustainable practices, we are able to differentiate ourselves from competitors and align with the growing demand for environmentally friendly solutions. This not only positions us as a responsible corporate citizen but also opens up new opportunities for growth and market expansion.

In addition to our customer-centric approach and commitment to sustainability, our diligent financial management practices contribute to our competitive advantages. With RM65.91 million in cash and bank reserves, we maintain a strong financial position, prepared to tackle unforeseen emergencies. Furthermore, we have improved our gearing ratio from 49% last year to 29%, enabling us to easily access banking facilities and swiftly capitalise on business opportunities when they arise.

By capitalising on our competitive advantages, PCCS is well-positioned to navigate the ever-changing business landscape and drive sustained growth. We are confident that our customer focus, commitment to sustainability and prudent financial management will continue to set us apart from competitors and deliver long-term value to our shareholders.

### CORPORATE ACTIVITIES

I am pleased to inform you that the special dividend for FY2023 was paid on 29 November 2022, marking the highest dividend payment in PCCS's history. This payout is a testament to our dedication to rewarding our shareholders for their investment and trust in PCCS.

These achievements highlight our commitment to creating long-term value for our shareholders and expanding our operations strategically. We remain focused on leveraging these milestones to drive growth and enhance our competitive position in the market.

### APPRECIATION AND ACKNOWLEDGEMENT

Looking ahead, PCCS remains committed to navigating the dynamic business landscape with vigilance and agility. We will continue to focus on occupational health and safety of our employees while ensuring the timely delivery of high-quality products to our customers. Furthermore, we will actively seek out new avenues for growth, leveraging our strengths and exploring opportunities in the medical and credit financing sectors. The sustainability data on occupational health and safety is available at page 100.

On this special occasion, I would like to take a moment to commemorate a truly momentous milestone in our business journey—the celebration of PCCS's fiftieth (50th) anniversary. This significant anniversary symbolises five (5) decades of resilience, growth and dedication to our stakeholders. Over the years, we have remained steadfast in upholding our core values and striving for excellence in all aspects of our operations.

CHAIRMAN'S LETTER TO SHAREHOLDERS  
(CONT'D)

I would also like to extend my heartfelt thanks to our founder, Mr. Chan Choo Sing, whose vision and leadership laid the foundation for our success. His entrepreneurial spirit and unwavering commitment, along with the invaluable contributions of Mr. Julian Lim Wee Liang, the Senior Independent Non-Executive Director, have been instrumental in shaping PCCS into the thriving business it is today. Thank you, Mr. Julian Lim Wee Liang, for your guidance and invaluable insights that have greatly contributed to our achievements.

Furthermore, I am delighted to welcome our new Independent Non-Executive Director, Ms. Goh Wen Ling ("**Ms. Goh**") to PCCS family. Ms. Goh brings a wealth of experience and expertise in the industry, and we are confident that with her valuable insights and strategic guidance will greatly benefit our organisation to continue grow and evolve.

As we celebrate this remarkable 50th anniversary, we recognise that our journey is far from over. We remain resolute in our pursuit of excellence, innovation and sustainable growth. With your continued support and partnership, we are confident that PCCS will continue to thrive and flourish in the years to come.

Once again, I extend my deepest appreciation for your trust and support. I am encouraging you to delve into the Annual Report 2023, join us in celebrating our 50th anniversary and be a part of our exciting future.

Yours sincerely,

**Piong Yew Peng**  
Senior Independent Non-Executive Chairman

28 July 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Dear esteemed shareholders,

I am honored to have the opportunity to present the Management's Discussion and Analysis ("MD&A") for PCCS Group Berhad ("PCCS"). The MD&A is a comprehensive overview of our business, operations and financial performance of PCCS and its subsidiaries ("the Group") for the financial year ended 31 March 2023 ("FY2023"). It provides valuable insights into the Group's growth strategies, market trends, risk management practices and outlook.

As an executive management team, we are committed to delivering sustainable value to all stakeholders by focusing on operational excellence, innovation, customer satisfaction and corporate social responsibility. We believe that our strong financial position and diversified portfolio of businesses will enable us to navigate through any challenges or opportunities in the global marketplace.

In this MD&A, you will find detailed information about each of our subsidiaries' performance across various industries such as apparel, label and packaging, credit financing service and medical industry. We have also highlighted some key initiatives undertaken during FY2023 that demonstrate our commitment towards achieving long-term growth objectives while maintaining high standards of governance.

We would like to express our gratitude towards all employees who have contributed their hard work and dedication towards making PCCS a success story. We remain confident in our ability to create value for shareholders while positively impacting society at large. We hope this MD&A provides useful insights into PCCS's operations over the past year.

#### Enhanced Adaptability: A Journey of Resilience in FY2023 and Beyond

Throughout FY2023, PCCS has not only demonstrated resilience and adaptability but also a strong commitment to innovation and growth. Despite the challenges posed by market uncertainties, geopolitical tensions and global events, we have continued to invest in research and development, exploring new technologies and business models that can help us stay ahead of the curve.

Our success is due in large part to our proactive approach and agile mindset. We have been quick to identify emerging trends and opportunities, adjusting our strategies accordingly. At the same time, we have remained focused on delivering exceptional value to our customers through high-quality products and services.

Looking ahead, we are confident that PCCS will continue to thrive in an ever-changing global business environment. We remain committed to staying at the forefront of innovation while maintaining a steadfast dedication to excellence. With a talented team of professionals driving our success forward, we are excited about what lies ahead for PCCS in the years to come.

In addition to the strategic adjustments within our label and packaging division, we have also been exploring new opportunities for growth. One area that we have recently ventured into is credit financing for used cars. This has diversified our portfolio and tap into a growing market.

While Cambodian companies in the label and packaging segment continue to contribute, we have made some changes to better align with our overall objectives. By strategically realigning their prominence, we can optimise our business portfolio and focus on areas of high potential.

Furthermore, the completed sale of Malaysian label and packaging companies has empowered us to streamline operations and enhance efficiency. This reinforces our dedication to growth as we continue to seek out new opportunities in various industries.

Indeed, these strategic moves demonstrate our commitment to staying agile in a constantly evolving business landscape. We remain focused on optimising our portfolio while seeking out new avenues for growth that will benefit both our company and stakeholders alike.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

Technological innovation remains central to our success. By investing in advanced tools and equipping our factories with state-of-the-art technologies, we have optimised operations, increased efficiency and met market demands. Our commitment to technological advancement ensures that we consistently deliver excellence in all aspects of our business.

Looking ahead, we recognise that the world is constantly changing and presenting new challenges. However, we are confident in our ability to adapt and thrive in this evolving landscape. We remain committed to strengthening our business model by investing in innovation and technology, expanding our global reach and fostering a culture of diversity and inclusion.

In the bargain of our pursuit of sustainable growth, we recognise the paramount importance of prioritising environmental, social, and governance (“ESG”) practices. We will continue to work towards reducing our carbon footprint through renewable energy sources and implementing eco-friendly initiatives throughout all aspects of our operations. Our commitment to ESG practices also extends to promoting ethical behavior within our organisation and ensuring fair treatment for all employees.

As we navigate through these uncertain times, our strategy remains focused on creating long-term value for all stakeholders. We firmly believe that by staying true to our core values and embracing change, we can forge a prosperous future not only for PCCS but also for the stakeholders. Furthermore, we acknowledge the impact of broader global factors on our performance and are committed to adapting accordingly. The geopolitical uncertainties caused by the Russo-Ukrainian conflict and the economic war between China and America have had a significant impact on global trade and market stability. As a result, businesses around the world are facing new challenges in terms of risk management and strategic planning.

PCCS has been closely monitoring these developments to ensure that we are well-prepared to navigate this complex landscape. We have adjusted our strategies accordingly, taking steps to mitigate risks while also capitalising on emerging opportunities.

One of the key areas of focus for us has been diversifying our supply chain to reduce reliance on any country or region. This approach helps us to minimise potential disruptions caused by political or economic instability in any given location.

In addition, we have been working closely with our partners and suppliers to identify areas where we can collaborate more effectively. By sharing information and resources, we can manage the risks better and creating new opportunities for growth.

Over the past year, PCCS has undergone a significant transformation. We have implemented new strategies and technologies to improve our performance and stay ahead of industry trends. Our team has shown incredible resilience in the face of challenges, adapting quickly to changing circumstances and maintaining our commitment to excellence.

Looking forward, we are excited about the opportunities that lie ahead. As we continue to embrace change, we will be able to capitalise on the emerging trends and shape a prosperous future for our clients and ourselves. Our agility, innovation and dedication will be the key as we navigate the complexities of the global landscape.

At PCCS, we believe that sustainability is essential for long-term success. That is why we are committed to reducing our environmental impact through responsible business practices and investing in renewable energy sources. By prioritising sustainability alongside profitability, we can create a better world for future generations.

In conclusion, FY2023 marks an important milestone for PCCS as we position ourselves as an industry leader with a focus on innovation, resilience, excellence and sustainability. We look forward to continuing this journey together with our clients and partners around the world.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### Enhanced Business Segments

PCCS operates through distinct business segments, each with a specific focus on products and services: -

#### (i) Apparel Division

The Apparel Division is primarily involved in the production and promotion of garments.

The flagship subsidiaries within 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 Label and Packaging Division specialises in the printing of labels and stickers for garments and other products.

The flagship subsidiary within this Division is: -

##### (a) Label and Packaging Facilities - Cambodia

- Mega Labels & Stickers (Cambodia) Co, Ltd

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONT'D)

(iii) **Others**

The Others Division comprises various activities, including investment holding, management services, credit services, medical industry and etc.

The entities within this Division are: -

(a) Investment holding in Malaysia

- PCCS Group Berhad – 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.

(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 closely monitors the performance of each business segment in order to make informed decisions regarding resource allocation and performance evaluation. Operating profit or loss is assessed at the segment level, while financing costs and income taxes are managed on a consolidated basis.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### Financial Highlights

Although FY2023 is characterised by instability and uncertainty, we have successfully concluded the FY2023 in a positive note. Our management team consistently exhibits unwavering enthusiasm and remains dedicated to enhancing business operations. Furthermore, our robust financial foundation instills us with utmost confidence in navigating through this crisis. Therefore, we hereby present to you the financial performance for FY2023 as outlined below: -

### Financial Performance Overview

The summary of the financial performance extracted from the Audited Financial Statements for financial year ended 31 March 2022 ("FY2022") and FY2023 are as follows: -

	FYE	
	31 March 2023 (RM'000)	31 March 2022 (RM'000)
Revenue	463,433	415,874
Gross profit	76,902	68,572
Profit After Tax ("PAT") attributable to owners of the Company		
- Continuing operations	10,211	7,720
- Discontinued operations	6,122	(4,820)
	16,333	2,900
Weighted average number of Shares in issue ('000)	218,906	214,105
Earnings Per Share ["EPS"] / (sen):		
- Continuing operations	4.66	3.60
- Discontinued operations	2.79	(2.25)
	7.45	1.35
Gross profit margin (%)	16.59	16.49
* PAT margin (%)	2.20	1.86

### Note:

\* Excluding Discontinued operations

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONT'D)

**Operating Segments Information**

The summary of the revenue and Profit/(Loss) for FY2022 and FY2023 based on the Group's operating segments is presented as below: -

	FYE	
	31 March 2023 (RM'000)	31 March 2022 (RM'000)
<b>External revenue</b>		
<b>Revenue from operations:</b>		
Apparel	561,299	495,148
Label and Packaging	585	5,452
Others *	14,657	22,430
Discontinued operations	14,229	61,837
Total revenue before eliminations	590,770	584,867
Inter-company adjustments and eliminations	(127,337)	(168,993)
<b>Total</b>	<b>463,433</b>	<b>415,874</b>
<b>Profit/(Loss) After Tax</b>		
Apparel	4,926	6,772
Label and Packaging	(710)	1,533
Others *	25,242	11,841
Discontinued operations	6,018	(5,310)
	35,476	14,836
Inter-company adjustments and eliminations	(28,153)	(9,674)
<b>Total</b>	<b>7,323</b>	<b>5,162</b>

**Note:**

\* The Others division encompasses investment holding, used car credit financing services and medical businesses

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### Operational Evaluation

#### (i) Apparel Division

The Apparel Division's revenue for FY2023 was RM561.30 million, which represents an increase of approximately 13.36% from the FY2022 figure of RM495.15 million mainly due to the increase in revenue from Hong Kong Apparel. The Group's Apparel division registered a Profit After Tax of RM4.93 million in FY2023 as compared to a Profit After Tax of RM6.77 million in FY2022. The decrease in profitability is attributed to the decline in sales orders within the Chinese Apparel market and cost pressures resulting from inflation, primarily stemming from the trade war and Russo-Ukrainian conflict. The era of windfall profits is coming to an end due to intensified competition, which has led to a decrease in prices. Additionally, there are rising the labor costs associated with this trend.

#### (ii) Label and Packaging Division

The Label and Packaging Division reported external revenue of RM0.59 million in FY2023, representing a significant decrease of approximately 89.17% from RM5.45 million in FY2022. The division encountered challenges in generating revenue, leading to a Loss After Tax of RM0.71 million in FY2023 compared to a Profit After Tax of RM1.53 million in FY2022. Several factors contributed to the decline in revenue and financial loss, including market conditions and competition. The label and packaging industry is highly competitive, with numerous players vying for market share. Changing market dynamics, evolving consumer preferences and increased price competition likely impacted the division's ability to generate revenue. Acquiring new customers, maintaining existing contracts and securing profitable partnerships were also challenging. Moreover, the company's strategic direction may have impacted the division's performance. The sale of its Malaysian label and packaging businesses indicates a shift in priorities and resource allocation towards other core ventures within the Group, which could have led to reduced investments, marketing efforts, and overall results in the label and packaging sector.

#### (iii) Others

The Others segment generated external revenue of RM14.66 million in FY2023, representing a significant decline of approximately 34.64% compared to the RM22.43 million recorded in FY2022. Despite the decrease in revenue, the segment achieved substantial profit growth, with Profit After Tax amounting to RM25.24 million in FY2023, indicating an increase of approximately 113.18% compared to RM11.84 million in FY2022. The higher Profit After Tax in the segment was mainly due to the increased dividend received from the subsidiaries in the investment holding company compared to last year.

#### (iv) Discontinued operations

With regards to the discontinued operations, the segment generated revenue of RM14.23 million in FY2023, representing a decrease of 76.99% from RM61.84 million in FY2022. The decrease in revenue was mainly due to the completion of the disposal transaction in June 2022. As a result, only three (3) months' revenues of the discontinued operations were taken into account in FY2023 as opposed to twelve (12) months for FY2022. The segment achieved a Profit After Tax of RM6.02 million in FY2023, surpassing the Loss After Tax of RM5.31 million in FY2022. This was mainly due to a gain on the disposal of subsidiaries, Mega Label (Malaysia) Sdn. Bhd. and Mega Label (Penang) Sdn. Bhd. amounting to RM7.46 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### Enhanced Prospects for Business in the Future

#### (i) Apparel Division

Looking forward, the textile and clothing trade are expected to see a gradual recovery as economies around the world continue to reopen. However, there are several challenges that the industry will face in the coming years. One of the challenges is shifting population demographics, particularly in developed countries where aging populations may lead to decrease in demand for certain types of clothing.

Another challenge facing the industry is evolving employment paradigms, such as remote work and gig economy jobs. These changes could impact consumer behavior and preferences when it comes to purchasing clothing.

In addition, uncertainties in the trade environment could also pose challenges for textile and clothing companies. Trade tensions between major economies like China and the United States have already had an impact on global supply chains, which could affect production costs and ultimately prices for consumers.

Despite these challenges, there are opportunities for growth in the industry as well. There will be a growing demand for innovative and eco-friendly products driven by initiatives such as President Joe Biden's environmental protection promotion under his administration in the United States and China's fourteenth (14th) five-year plan which emphasises sustainable development.

Overall, while there are certainly obstacles ahead for textile and clothing companies, those that can adapt quickly to changing market conditions may find success in this dynamic industry.

The Group's post-pandemic development plan is focused on promoting high-quality development, which involves enhancing the value chain through technology and innovation. The Group recognises that new energy and green technology are crucial for sustainable growth in all future businesses. To ensure the vitality of the Group, human resources reform will be prioritised to address employment challenges.

The challenging business environment has presented opportunities for the Group to contribute to supply chain stability amidst global disruptions. By leveraging its expertise in technology and innovation, the Group can develop solutions that help to mitigate risks associated with supply chain disruptions.

In addition to these efforts, the Group is committed to corporate social responsibility initiatives, which aimed at creating a positive impact on society. This includes supporting local communities through various programs such as education and healthcare initiatives.

Overall, the Group remains optimistic about its ability to navigate through these uncertain times by staying true to its core values of innovation, sustainability and social responsibility.

#### (ii) Label and Packaging Division

Cambodian companies in the label and packaging segment will continue to operate as trading entities, but they are no longer considered the Group's core business. The sale of Malaysian label and packaging companies were successfully concluded during the first quarter of FY2023.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### (CONT'D)

#### (iii) Others

The political stability in Malaysia is expected to have a positive impact on the economy, as it will lead to increase domestic economic growth. This provides a stronger foundation for the Group's used car credit financing loan book size to gradually increase. In addition, the Group has planned organic growth and exploration of Mergers and Acquisitions opportunities in the medical field.

The business expansion strategy of the Group includes countries such as Vietnam, Indonesia, Thailand, Malaysia and Singapore. The aim is to achieve micro revenue for existing products in these markets during the new financial year.

To support its expansion plans, the Group is investing heavily in research and development activities, which aimed at improving product quality and enhancing customer experience. It also continues to focus on building strong partnerships with key stakeholders including suppliers, distributors and customers.

Overall, with its strategic focus on expanding into new markets while maintaining high levels of customer satisfaction through innovative products and services offerings, this company is well positioned for continued success in today's competitive business environment.

The Board is cautiously optimistic about the new financial year and believes that the external environment will gradually improve, which will positively impact the Group's overall financial performance. The Group's stable financial situation provides a solid foundation for growth and expansion in various business areas. To achieve this goal, the Group plans to strengthen its business model by focusing on revenue growth, job security, cost control and business recovery.

In addition to these key focuses, the Group is also committed to making significant progress in ESG initiatives. This includes aligning with sustainable progress by implementing environmentally friendly practices throughout all aspects of its operations. The Group recognises that it has the responsibility to contribute positively to society while maintaining good corporate governance practices.

The COVID-19 crisis has presented many challenges for businesses worldwide, however, the Group remains confident in its ability to emerge stronger from this crisis through strategic planning and implementation of ESG initiatives. By prioritising sustainability efforts alongside financial goals, the Group aims to create long-term value for shareholders while contributing positively towards global sustainability efforts.

Overall, the Board is excited about what lies ahead for the new financial year as they continue their commitment towards achieving sustainable growth while remaining socially responsible.

#### **Offer of Options under Employees' Share Option Scheme ("ESOS")**

The Group had on 20 June 2022 offered the third batch of ESOS options to the eligible Directors and employees of the Group to provide them the opportunity to subscribe to the new Ordinary Shares in PCCS under the ESOS. A total of 1,285,000 ESOS options were made available at an Exercise Price of RM0.385 per option. The options are vested upon acceptance of the offer.

As at 31 March 2023, 985,000 ESOS options were exercised by the eligible directors and employees, which is approximately 76.65% of the total ESOS options offered.

#### **Dividend**

We were pleased to announce that special dividends for FY2023 were disbursed on 29 November 2022, marking the highest dividend payout ever recorded in the history of PCCS.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)

### Summary and Appreciation

As we reflect on PCCS's remarkable business journey, we are thrilled to celebrate our fifty (50th) anniversary. This milestone represents five (5) decades of resilience, adaptability and unwavering commitment to excellence - a testament to our collective efforts in navigating the ever-changing business landscape and emerging stronger year after year.

The Group's performance has always been subject to various factors, including the dynamism of international and domestic consumer sentiments. As we continue to operate in the apparel, label, and packaging industries, we acknowledge that the ultimate consumption of our products hinges on the preferences and sentiments of our esteemed clients.

In our pursuit of sustained growth and success, the Management remains steadfast in its commitment to diversify our income streams. We are actively exploring opportunities to expand into new industries beyond apparel, used car credit financing, and medical devices with the aim of strengthening the resilience of our business and mitigating risks associated with market volatility. Furthermore, we will continue to uphold our profitable business model by expanding our product range and exploring new distribution channels.

On behalf of the Board, I would like to express our deepest appreciation and gratitude to the Management and employees of PCCS for their unwavering dedication, tireless efforts and steadfast commitment that have played a pivotal role in achieving favorable results in FY2023. It is through their hard work and determination that we have been able to overcome challenges and seize opportunities, propelling the Group to new heights.

We would like to express our sincere appreciation to our esteemed customers, valued partners, esteemed shareholders, trusted business associates, supportive financiers and respected government authorities. Your unwavering support, trust and confidence in our endeavors have played a pivotal role in driving our growth and achieving success. We highly value the collaborative relationships we have fostered over the years and remain dedicated to nurturing and fortifying these partnerships for mutual benefit.

As we commemorate this remarkable 50th anniversary, we acknowledge that our journey is far from complete. We remain steadfast in our pursuit of excellence, innovation and sustainable growth. With your unwavering support and trust, we are confident in our ability to navigate the ever-changing economic landscape and capitalise on emerging opportunities.

Thank you once again for your steadfast support and unwavering trust in PCCS. Let us now embark on the next chapter of our success story together.

For and on behalf of  
The Executive Management of PCCS

**Chan Wee Kiang**  
Group Managing Director  
28 July 2023

# 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 2023 (“**FY2023**”).

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 FY2023 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;

## 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)

###### *Duties and Responsibilities of the Board (Cont'd)*

- (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;
- (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 had on 26 May 2023 resigned as the Group Executive Chairman and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman on 26 May 2023.

The Chairman of the Board is 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 MCGG.

###### *Qualified Company Secretaries*

During FY2023, 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 FY2023, 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; and
- 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 MCCG 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 MCCG.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I. BOARD RESPONSIBILITIES (CONT'D)

##### (b) Demarcation of responsibility (Cont'd)

###### *Roles of Senior Independent Non-Executive Director*

Mr. Julian Lim Wee Liang (“**Mr. Julian**”) had on 26 May 2023 resigned as the Senior Independent Non-Executive Director of the Company and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman. The roles of the Senior Independent Non-Executive Chairman 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.

##### (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. The Group has established Whistle Blowing Policy on 27 May 2016 and subsequently revised on 26 May 2023.

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/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### I. BOARD RESPONSIBILITIES (CONT'D)

##### (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 on 31 March 2021 and subsequently revised on 31 March 2023 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.

#### II. BOARD COMPOSITION

##### *Size and Composition of the Board*

The Board currently consists of eight (8) members, comprising one (1) Senior Independent Non-Executive Chairman, one (1) Group Managing Director, one (1) Executive Director, three (3) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.

Premised on the above, the three (3) Independent Directors represented the compliance with the requirement for at least two (2) Directors or 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 consists of two (2) Independent Directors are woman which complies with the 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 10 to 17 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 eleven (11) years.

At the Twenty-Eighth Annual General Meeting of the Company, the shareholders had approved the retention of Mr. Julian as Independent Director through a two-tier voting process.

Subsequently, Mr. Julian had resigned as the Senior Independent Non-Executive Director of the Company on 26 May 2023.

## 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*

##### **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 and 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 FY2023, the Nomination Committee has evaluated and satisfied that Ms. Goh Wen Ling has fulfilled the fit and proper criteria as set out in the Directors' Fit and Proper Policy and recommended her proposed appointment as Independent Non-Executive Director to the Board. The Board has subsequently approved the appointment of Ms. Goh Wen Ling as Independent Non-Executive Director to the Board of the Company with effect from 1 September 2022.

The identification of Ms. Goh Wen Ling has been facilitated through recommendation from the Management as they would have better understanding on the required background, qualification, skills and experience of candidates, prior to the assessment to be conducted by the Nomination Committee. Although the Nomination Committee and the Board did not utilise independent sources with regards to the appointment, the Board's decision was still made objectively in the best interests of the Company taking into account the diverse skills, expertise, experience and perspectives of the current Board members. Notwithstanding the above, the Board will consider utilising independent sources to identify suitably qualified candidate(s) when the need arises in future.



## 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, the changes of Board Committees during FY2023 and up to the date of this Statement were as follows:-

##### Nomination Committee

- Mr. Julian was re-designated from Chairman of Nomination Committee to Member of Nomination Committee on 23 May 2022;
- Mr. Piong Yew Peng was re-designated from Member of Nomination Committee to Chairman of Nomination Committee on 23 May 2022;
- Mr. Chan Choo Sing was resigned as Member of Nomination Committee on 23 May 2022;
- Ms. Goh Wen Ling was appointed as Member of Nomination Committee on 1 September 2022;
- Mr. Julian resigned as Member of Nomination Committee on 1 September 2022;
- Ms. Joyce Wong Ai May was appointed as Chairperson of the Nomination Committee on 26 May 2023; and
- Mr. Piong Yew Peng resigned as Chairman of Nomination Committee on 26 May 2023.

##### Audit Committee

- Ms. Joyce Wong Ai May was appointed as Member of Audit Committee on 23 May 2022;
- Dato' Chan Chor Ngiak resigned as Member of Audit Committee on 23 May 2022;
- Ms. Goh Wen Ling was appointed as Member of Audit Committee on 26 May 2023;
- Mr. Piong Yew Peng and Mr. Julian resigned as Chairman and Member of Audit Committee on 26 May 2023;
- Ms. Joyce Wong Ai May was re-designated from Member of Audit Committee to Chairperson of Audit Committee on 26 May 2023; and
- Dato' Chan Chor Ngiak was appointed as Member of Audit Committee on 26 May 2023.

## 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)*

###### Remuneration Committee

- Mr. Julian resigned as Member of Remuneration Committee on 1 September 2022;
- Ms. Goh Wen Ling was appointed as Member of Remuneration Committee on 1 September 2022;
- Ms. Joyce Wong Ai May was appointed as Member of Remuneration Committee on 26 May 2023;
- Ms. Goh Wen Ling was re-designated from Member of Remuneration Committee to Chairperson of Remuneration Committee on 26 May 2023; and
- Mr. Piong Yew Peng resigned as Chairman of Remuneration Committee on 26 May 2023.

###### 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 eight (8) Directors, out of whom two (2) are female, which translates to a 25% 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
Joyce Wong Ai May (appointed w.e.f 26 May 2023)	Chairperson	Independent Non-Executive Director
Goh Wen Ling (appointed w.e.f 1 September 2022)	Member	Independent Non-Executive Director
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director
Chan Choo Sing (resigned w.e.f 23 May 2022)	Member	Group Executive Chairman
Piong Yew Peng (redesignated w.e.f 23 May 2022) (resigned w.e.f 26 May 2023)	Member	Senior Independent Non-Executive Chairman
Julian Lim Wee Liang (redesignated w.e.f 23 May 2022) (resigned w.e.f 1 September 2022)	Member	Senior 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 FY2023 were disclosed as follows: -

- Review and confirmed the minutes of the Nomination Committee Meeting held in financial year ended 31 March 2022;
- Recommended the re-election of Mr. Chan Choo Sing, Mr. Chan Chow Tek and Dato' Chan Chor Ngiak who retired pursuant to Clause 117 of the Company's Constitution at the Twenty-Eighth Annual General Meeting ("**28th 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 2022;
- Review the training programmes attended by the Directors for the financial year ended 31 March 2022 and identified the training needs for FY2023;
- Reviewed the proposed composition of Nomination Committee, Remuneration Committee and Audit Committee;
- Reviewed the Fit and Proper Policy and recommended the same to the Board for approval;
- Reviewed the revised TOR of Nomination Committee and recommended the same to the Board for approval; and
- Reviewed the appointment of Ms. Goh Wen Ling as Independent Non-Executive Director.

**(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 FY2023 are as follows: -

Directors	Training(s) Attended
Chan Choo Sing	<ul style="list-style-type: none"> <li>Sustainability and Climate Change Disclosure Requirements</li> </ul>
Chan Wee Kiang	<ul style="list-style-type: none"> <li>Sustainability E-training for Directors</li> </ul>
Chan Wee Boon	<ul style="list-style-type: none"> <li>Vistage Chief Executive Programme</li> <li>VA CEO Group Meeting</li> <li>Marketing Management</li> <li>Entrepreneur President Day</li> <li>Mechanism Design</li> <li>Management Efficiency</li> </ul>
Chan Chow Tek	<ul style="list-style-type: none"> <li>ESG – Role of the Accountant and Financial Reporting</li> </ul>
Dato' Chan Chor Ngiak	<ul style="list-style-type: none"> <li>Baker Tilly Malaysia Tax and Budget Webinar</li> </ul>
Chan Chor Ang	<ul style="list-style-type: none"> <li>Baker Tilly Malaysia Tax and Budget Webinar</li> </ul>
Julian Lim Wee Liang	<ul style="list-style-type: none"> <li>Business Tax Deductions – An Accountant's Perspective with Highlights of Malaysian Tax Cases</li> <li>Tax Audits and Investigations Framework – the Latest Practical Procedures and Challenges</li> </ul>
Piong Yew Peng	<ul style="list-style-type: none"> <li>Malaysia Tax Budget Conference 2023</li> <li>Corporate Reporting: Are You Telling Enough?</li> </ul>
Joyce Wong Ai May	<ul style="list-style-type: none"> <li>Risk-Based Audits to Uncover Red Flags</li> <li>The Professional Auditor for Retail Sector</li> <li>Embracing Sustainability</li> <li>Supercharging Modern Accounting</li> <li>The Art of Greenwashing</li> <li>Weaponising Your Organisation Against Market Headwinds</li> <li>Audit Oversight Board's Conversation with Audit Committees</li> <li>Succession Planning – Why is it important to plan ahead?</li> <li>Foreign Source Income – To remit or not to remit?</li> <li>Why Data Automation is essential for Business Growth</li> </ul>
Goh Wen Ling	<ul style="list-style-type: none"> <li>Budget 2023 – Latest Business Approach and Substantial Tax Changes for the new Economic Cycle</li> </ul>

Upon review, the Board concluded that the Directors' Trainings for the FY2023 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:-

<b>Remuneration Committee</b>	<b>Designation</b>	<b>Directorate</b>
Goh Wen Ling <i>(Appointed w.e.f 1 September 2022) (redesigned w.e.f 26 May 2023)</i>	Chairperson	Independent Non-Executive Director
Joyce Wong Ai May <i>(appointed w.e.f 26 May 2023)</i>	Member	Independent Non-Executive Director
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director
Piong Yew Peng <i>(resigned w.e.f 26 May 2023)</i>	Member	Senior Independent Non-Executive Chairman
Julian Lim Wee Liang <i>(resigned w.e.f 1 September 2022)</i>	Member	Senior 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/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### II. BOARD COMPOSITION (CONT'D)

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

Based on the assessments conducted for the FY2023, 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 28th 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.

#### 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

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

**III. REMUNERATION (CONT'D)**

***Directors' Remuneration Policy (Cont'd)***

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 FY2023, 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)
<b>Executive Directors</b>						
Chan Choo Sing	60.9	17.1	–	–	–	78.0
Chan Wee Kiang	108.0	17.1	–	–	–	125.1
Chan Wee Boon	48.0	17.1	–	–	–	65.1
<b>Non-Executive Directors</b>						
Chan Chow Tek	48.0	7.9	–	–	–	55.9
Dato' Chan Chor Ngiak	60.9	10.5	–	–	–	71.4
Chan Chor Ang	48.0	7.9	–	–	–	55.9
Julian Lim Wee Liang	47.9	13.9	–	–	–	61.8
Piong Yew Peng	71.1	13.4	–	–	–	84.5
Joyce Wong Ai May	41.1	13.4	–	–	–	54.5
Goh Wen Ling	28.0	2.0	–	–	–	30.0

\* Subject to the approval by shareholders at the Twenty-Ninth Annual General Meeting ("29th 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)
<b>Executive Directors</b>						
Chan Choo Sing	60.9	778.4	134.0	–	–	973.3
Chan Wee Kiang	108.0	999.7	178.7	–	–	1,286.4
Chan Wee Boon	48.0	142.4	–	–	–	190.4
<b>Non-Executive Directors</b>						
Chan Chow Tek	48.0	608.4	52.7	–	–	709.1
Dato' Chan Chor Ngiak	60.9	10.5	–	–	–	71.4
Chan Chor Ang	48.0	7.9	–	–	–	55.9
Julian Lim Wee Liang	47.9	13.9	–	–	–	61.8
Piong Yew Peng	71.1	13.4	–	–	–	84.5
Joyce Wong Ai May	41.1	13.4	–	–	–	54.5
Goh Wen Ling	28.0	2.0	–	–	–	30.0

*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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### 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 currently is chaired by Ms. Joyce Wong Ai May, which is a separate person from the chair of the Board, Mr. Piong Yew Peng.

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 MCGG, 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.

##### ***Assessment on External Auditors***

In compliance with Practice 9.3 of the MCGG, 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 FY2023, 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

##### *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 FY2023, 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.

### 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) Annual General Meeting ("**AGM**")/General Meetings
- (d) Corporate Website
- (e) Senior Independent Non-Executive Director

For the FY2023, Senior Independent Non-Executive Director informed that he has not received any concerns from shareholders/stakeholders, be it written or verbal.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

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

**II. CONDUCT OF GENERAL MEETINGS**

***Notice of AGM***

Notice of the 28th AGM held in year 2022 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 28th 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 28th AGM.

***Directors' Commitment***

All the directors were present at the 28th AGM of the Company held on 29 August 2022 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 28th AGM.

Minutes of the 28th AGM has been made available to shareholders no later than thirty (30) business days after the 28th AGM on the Company's website at <http://www.pccsgroup.net/>.

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

Although the Board recognises the importance of leveraging on technology to facilitate remote shareholders' participation and voting on all resolutions via remote participation and voting facilities, but after due considerations, the Company has conducted its 28th AGM via physical mode on 29 August 2022.

Even though the Company conducted its 28th AGM at a physical venue, shareholders are allowed to vote in absentia by way of appointing the Chairman of the AGM as their proxy to vote on their behalf by submitting their proxy form with pre-determined voting instructions for the chairman to vote for and on their behalf.

**CONCLUSION**

The Board is satisfied that for the FY2023, 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 21 July 2023.

## AUDIT COMMITTEE REPORT

The Board of Directors of PCCS Group Berhad (“**PCCS**”) is pleased to present the Audit Committee report for the financial year ended 31 March 2023 (“**FY2023**”) 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 <i>(resigned w.e.f 26 May 2023)</i>	Chairman	Senior Independent Non-Executive Chairman
Julian Lim Wee Liang <i>(resigned w.e.f 26 May 2023)</i>	Member	Senior Independent Non-Executive Director
Joyce Wong Ai May <i>(appointed w.e.f. 23 May 2022)</i> <i>(redesignated w.e.f 26 May 2023)</i>	Chairperson	Independent Non-Executive Director
Goh Wen Ling <i>(appointed w.e.f 26 May 2023)</i>	Member	Independent Non-Executive Director
Dato’ Chan Chor Ngiak <i>(resigned w.e.f 23 May 2022)</i> <i>(appointed w.e.f 26 May 2023)</i>	Member	Non-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.

Mr. Piong Yew Peng resigned as the Chairman of the Audit Committee on 26 May 2023 and he was succeeded by Ms. Joyce Wong Ai May, who was redesignated from member to Chairperson of the Audit Committee on 26 May 2023. Ms. Joyce Wong Ai May is an Independent Non-Executive Director. In respect of this, the Company has fulfilled the requirements under Paragraph 15.10 of the Main LR of Bursa Malaysia Securities. Furthermore, in compliance with 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.

Ms. Joyce Wong Ai May is a member of the Malaysia Institute of Accountants (MIA). Accordingly, the Company complied with the requirements under Paragraph 15.09(1)(c)(i) of the Main LR of Bursa Malaysia Securities, which at least one (1) member of the Audit Committee must be a member of MIA.

The terms of office and performance of the Audit Committee and each of its members were reviewed by the Nomination Committee on 26 May 2023 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.

AUDIT COMMITTEE REPORT  
(CONT'D)

**B. ATTENDANCE**

A total of four (4) Audit Committee meetings were held during the FY2023. Details of attendance at the Audit Committee during the FY2023 were as follows:-

Directors	Attendance	%
Piong Yew Peng (Chairman) <i>(resigned w.e.f 26 May 2023)</i>	4 out of 4	100
Julian Lim Wee Liang <i>(resigned w.e.f 26 May 2023)</i>	4 out of 4	100
Joyce Wong Ai May (Chairperson) <i>(appointed w.e.f. 23 May 2022)</i> <i>(redesignated w.e.f 26 May 2023)</i>	3 out of 3	100
Goh Wen Ling <i>(appointed w.e.f 26 May 2023)</i>	N/A	N/A
Dato' Chan Chor Ngiak <i>(resigned w.e.f 23 May 2022)</i> <i>(appointed w.e.f 26 May 2023)</i>	1 out of 1	100

**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 FY2023 were as follows: -

**1. Overview of Financial Performance and Reporting**

- Reviewed the unaudited quarterly financial results for the quarter ended 31 March 2022, 30 June 2022, 30 September 2022 and 31 December 2022 before recommending them to the Board of Directors for approval;
- Reviewed the draft audited financial statements for the financial year ended 31 March 2022 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.

## AUDIT COMMITTEE REPORT (CONT'D)

### C. SUMMARY OF WORK (CONT'D)

#### 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-Eighth Annual General Meeting;
- Discussed and reviewed with the External Auditors, the Audit Review Memorandum for the financial year ended 31 March 2022, covering 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 FY2023, including any significant issues and concerns that 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 FY2023 prior to the approval of the Board of Directors.

#### 3. Oversight of Internal Audit ("IA")

- Reviewed the IA Report for the FY2023 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 and adopted the IA plan for the Group for the FY2023 and reported to the Board of Directors for notation;
- 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; and
- 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 recommended the same to the Board of Directors for approval.

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

- Reviewed the summary of the 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 2022;
- Reviewed the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority in the Company and recommended the same to the Board of Directors for approval;
- Reviewed the policy on Related Party Transactions and recommended the same to the Board of Directors for approval; and
- Reviewed the revised Terms of Reference of the Audit Committee and adoption of External Auditors Policy and recommended 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.



## AUDIT COMMITTEE REPORT (CONT'D)

### D. IA FUNCTION (CONT'D)

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

##### (b) Regular IA Reports

IA reports are reviewed and adopted by the Audit Committee. During the FY2023, Sterling 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 highlighted the weaknesses 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 FY2023, the following subsidiaries of the Group were audited by Sterling: -

Name of Entities audited by Sterling	Date of IA Report
Wan He Da Manufacturing Company Limited	23 May 2022
Southern Auto Capital Sdn. Bhd.	26 August 2022
Wan He Da Manufacturing Company Limited	14 November 2022

##### (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 FY2023, Sterling presented their status report: follow-up actions on previously reported audited findings in respect of the following subsidiaries of the Group:-

Name of Entities followed-up by Sterling	Date of IA Status Report
Wan He Da Manufacturing Company Limited	17 November 2022
PCCS Garments (Shandong) Limited	22 February 2023
Southern Auto Capital Sdn. Bhd.	22 February 2023
Wan He Da Manufacturing Company Limited	22 February 2023

AUDIT COMMITTEE REPORT  
(CONT'D)

**D. IA FUNCTION (CONT'D)**

**3. Total costs incurred for the FY2023**

The total costs incurred for the IA function of the Group for the FY2023 was RM48,500/- (2022: RM19,000/-).

**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:-

- (a) 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
- (b) 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.

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 of the IA Function during the FY2023. For the FY2023, 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 2023 (“**FY2023**”) 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

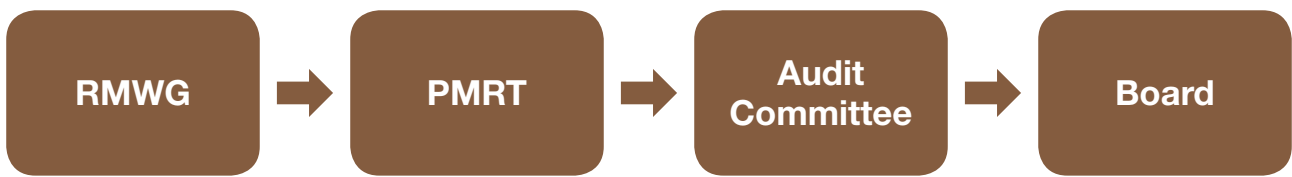
Office	Name(s)
Leader	Tan Kwee Kee
Members	Chan Wee Boon, Chen TianShen, Chong Cher Kung, Shi XiaoQun, Bernard Huang Jin Hui, Danny Chan Fook Chang, Sim Sian Ling, Jenny Jin Yanni, Ng Beng Hong, Teo Lee Ping, Phua Chee How, Daniel Pua Kian Boon, Jessica Gan Pei Heng, Tan Kee Wai, Ho Ming How, Lee Sze Meen, Eng Sook Keng

**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 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 FY2023, the Audit Committee and the Board received and reviewed the Risk Registry of the Company at the Corporate Level and Apparels Division (Cambodia and China) including assessment of any possible corporate liabilities risks and corruption risks 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 FY2023 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	: Dr. So Hsien Ying
Qualifications	: Doctor in Business Administration (Wales), Certified Internal Control Professional from Internal Control Institute, USA; Master of Business Administration (MBA) degree from the University of Hull, UK; Honorable Bachelor Degree in Economics; Diploma in Economics from the University of London; Member of Malaysian Alliance of Corporate; Associate member of Institute of Internal Auditors Malaysia (" <b>IIAM</b> ")
Experiences	: Twenty-nine (29) 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.

FY2023, 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 FY2023, Sterling 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.

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

**INTERNAL AUDIT FUNCTION (CONT'D)**

For the FY2023 and up to the date of this Statement, three (3) internal audit reviews were carried out, and two (2) follow-up status reviews were reported by Sterling to the Audit Committee:-

Audit Period	Reported in	Audited Areas
1st Quarter (Apr 2022 – Jun 2022)	Aug 2022	Southern Auto Capital Sdn Bhd (Finance and Accounts Functional Areas)
2nd Quarter (Jul 2022 – Sep 2022)	Nov 2022	Wan He Da Manufacturing Company Limited (Human Resources Management Functional Areas)  Follow-up status update on: <ul style="list-style-type: none"> <li>• Wan He Da Manufacturing Company Limited (Merchandising, Production, Quality Control, Finance and Accounts Functional Areas)</li> </ul>
3rd Quarter (Oct 2022 – Dec 2022)	Feb 2023	Follow-up status update on: <ul style="list-style-type: none"> <li>• PCCS Garments (Shandong) Limited (Manufacturing/ Production, Inventory Management Functional Areas)</li> <li>• Southern Auto Capital Sdn Bhd (Finance and Accounts Functional Areas)</li> <li>• Wan He Da Manufacturing Company Limited (Human Resources Management Functional Areas)</li> </ul>
4th Quarter (Jan 2023 – Mar 2023)	May 2023	Beauty Silk Screen Limited (Production Planning, Outsourcing, and Inventory Management Functional Areas)

**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 FY2023 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.

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

### KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **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.

- **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.

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

### **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 was operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the FY2023 and up to the date of this Statement.

### **CONCLUSION**

For the FY2023 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 21 July 2023.

### **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 2023, 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 21 July 2023.

## 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 2023 (“FY2023”), 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: -

	Company (RM)	Group (RM)
<b>Audit services rendered</b>	107,500	392,104
<b>Non-audit services rendered</b>		
(1) Tax Review and Services	4,450	27,423
(2) Review of the Statement of Risk Management and Internal Control	5,000	5,000
(3) Review draft circular 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. (“Disposal”)	15,000	15,000
<b>Total</b>	<b>131,950</b>	<b>439,527</b>

### UTILISATION OF PROCEEDS

As of 31 March 2023, the utilisation of the proceeds arising from the Disposal were as follows: -

- a. The utilisation of the share capital reduction and dividend payment declared by MEGAM on 30 November 2021

Utilisation of proceeds	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Timeframe for Utilisation of Proceeds
Working Capital	10,728	10,728	Within 12 months
To expand the existing hire-purchase business loan size	20,000	20,000	Within 12 months
<b>Total gross proceeds</b>	<b>30,728</b>	<b>30,728</b>	-

- b. The utilisation of the gross proceeds arising from the Disposal

Utilisation of proceeds	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Reallocation (RM'000)	Timeframe for Utilisation of Proceeds
Working Capital	1,400	1,415	15	Within 12 months
Repayment of borrowings	6,500	6,500	-	Within 12 months
Expenses for the Disposal	600	585	(15)	Within 2 months
<b>Total gross proceeds</b>	<b>8,500</b>	<b>8,500</b>	-	-

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

**EMPLOYEES' SHARE OPTION SCHEME ("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 2023	
	All Eligible Employees including Directors and Chief Executive	Directors and Chief Executive
(1) Options granted	11,074,000	3,120,000
(2) Options exercised	7,414,000	2,440,000
(3) Options outstanding	720,000	680,000

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 (FY2023)	Number of Options (Since Commencement of ESOS up to 31 March 2023)
Aggregate maximum allocation in percentage	56.88%	70.00%
The actual percentage granted	3.40%	16.51%

For the FY2023, 380,000 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 FY2023 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	60,000	60,000	60,000
2.	Dato' Chan Chor Ngiak	80,000	80,000	80,000
3.	Chan Chor Ang	60,000	60,000	60,000
4.	Julian Lim Wee Liang	60,000	60,000	60,000
5.	Piong Yew Peng	60,000	60,000	60,000
6.	Joyce Wong Ai May	60,000	60,000	60,000
	<b>Total</b>	<b>380,000</b>	<b>380,000</b>	<b>380,000</b>

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

**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 FY2023.

**RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE NATURE**

The RRPTs were disclosed in Note 35 to the Financial Statements for the financial year ended 31 March 2023 on pages 209 and 210.

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

PCCS Group Berhad (“**PCCS**” or “**Group**”) was incorporated on 6 November 1993 and became publicly listed on the Kuala Lumpur Exchange Main Board on 16 August 1995. As one of Malaysia’s foremost garment manufacturers, our desire to diversify our business and expand internationally while adhering to our core values of “Passion, Care, Commitment, and Sustainability” drives our efforts. We embrace Environmental, Social, Governance (“**ESG**”) transitions wholeheartedly and approach them with unwavering commitment to leverage the current sustainability momentum and contribute to achieving global Net Zero Emissions by 2050. Consequently, we are pleased to present our sixth annual sustainability statement, documenting our position on sustainability and how we integrate ESG and economic performance throughout our garment industry operations in Malaysia, China and Cambodia.

## Highlights of our Sustainability Journey

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In financial year ended 31 March 2023 (“**FY2023**”), we made significant strides in our sustainability journey, demonstrating our resolute dedication to environmental responsibility and ethical business practices. One notable achievement was the enhancement of our ESG Framework, serving as the bedrock of our sustainability initiatives.

As part of our ongoing drive to meet regulatory requirements, we are currently transitioning towards aligning with the Task Force on Climate-related Financial Disclosures (“**TCFD**”) recommendations by 2027, as mandated by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for Main Market listed companies. This strategic move demonstrates our proactive approach to climate-related reporting and risk management. To ensure compliance and transparency, we took a major step forward this year by updating our Sustainability Policy to include comprehensive climate-related disclosures.

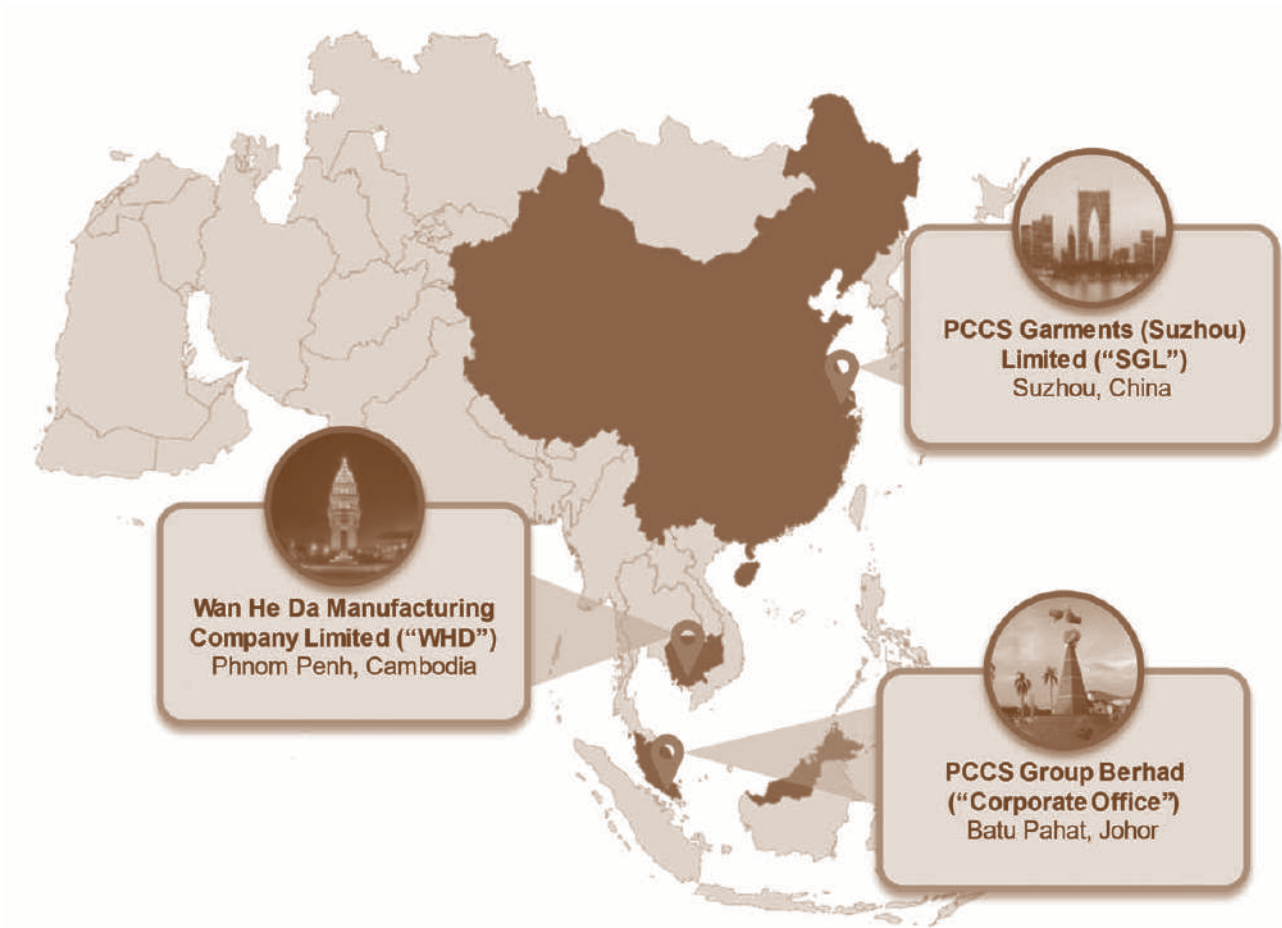
Recognising the urgency of addressing climate change, we have made noteworthy progress in our renewable energy utilisation. We successfully increased our use of wind energy as a source of electricity, further reducing our carbon footprint and advancing our sustainability goals. The shift towards renewable energy sources aligns with our resolve to mitigate climate change’s impacts and promote a greener future.

## Reporting Scope and Boundary

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PCCS is headquartered in Batu Pahat, Johor, Malaysia with subsidiaries in Malaysia, China and Cambodia. Disclosures in this statement will focus on the two (2) apparel manufacturing facilities, PCCS Garments (Suzhou) Limited (“**SGL**”) and Wan He Da Manufacturing Company Limited (“**WHD**”), situated in Suzhou, China and Phnom Penh, Cambodia, respectively. The reporting period for FY2023 spans from 1 April 2022 to 31 March 2023, and all monetary values will be reported in Ringgit Malaysia (“**RM**”), unless stated otherwise.

SUSTAINABILITY STATEMENT  
(CONT'D)



**Reporting Framework**

The Group's sustainability statement was prepared with reference to Bursa Securities Main Market Listing Requirements ("**MMLR**"), and the Sustainability Reporting Guide (**3rd edition**) issued by Bursa Securities. Our statement references the Global Reporting Initiative ("**GRI**") Standards, the United Nations Sustainable Development Goals ("**UN SDGs**") and the TCFD recommendations. These guidelines ensure transparent and reliable reporting regarding our sustainability performance and goals.



## SUSTAINABILITY STATEMENT (CONT'D)

### Feedback

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We highly value stakeholder feedback and view it as a key instrument for driving the continuous enhancement of our sustainability disclosures. If you have any queries or concerns about the information contained in our sustainability statement, please contact:

**Dr. 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.

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### Membership

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PCCS stays actively engaged with our industry by holding memberships in the following industry associations, allowing us to remain up-to-date on industry trends and informed on important matters impacting the industry.

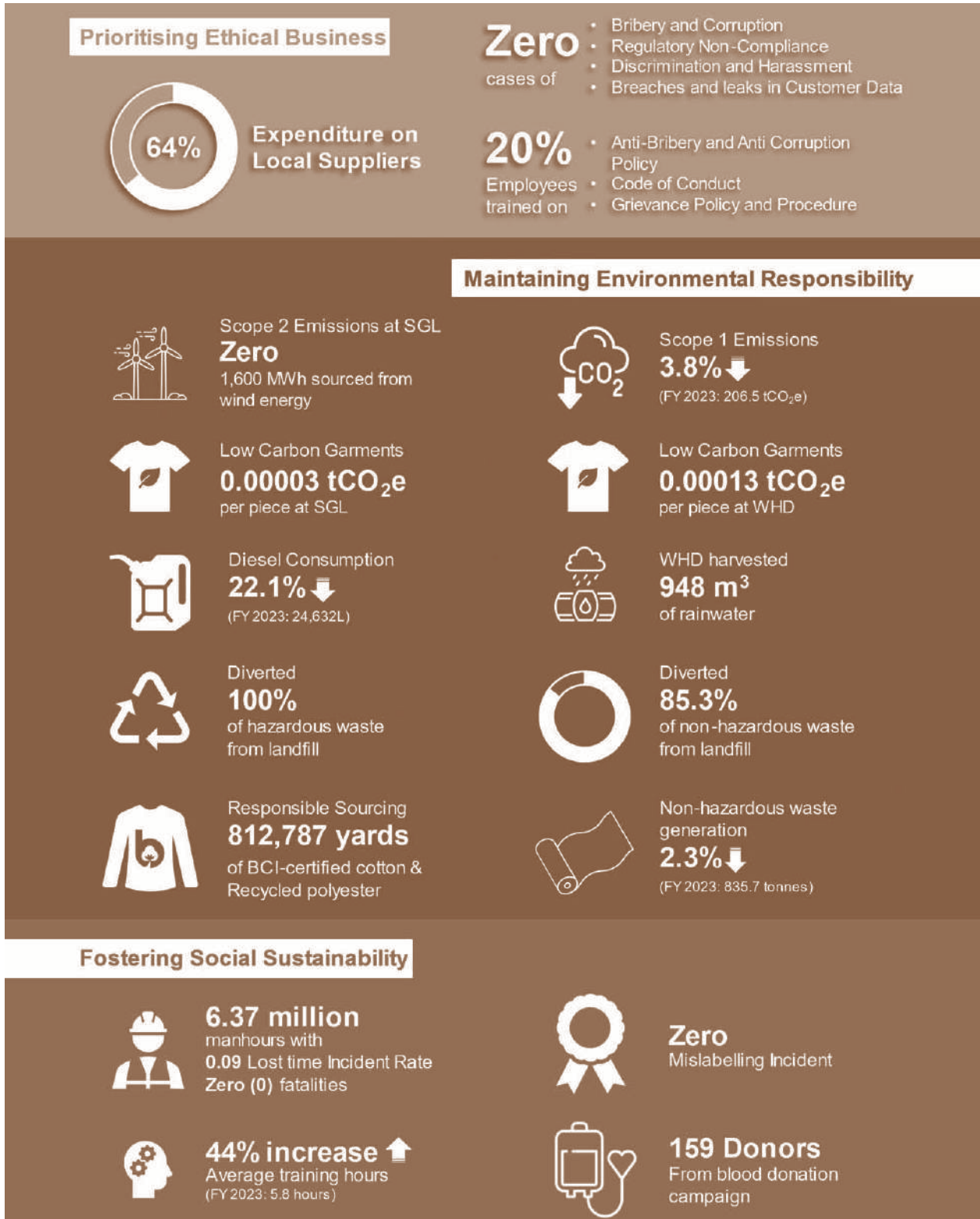
Country	Subsidiary	Association
China	PCCS Garments (Suzhou) Limited	Wu Jiang Foreign Investors Association
Cambodia	Wan He Da Manufacturing Company Limited	Textile, Apparel, Footwear & Travel Goods Association in Cambodia ("TAFTAC")

### Assurance Statement

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The relevant business divisions and information owners verified the veracity of the data provided in our FY2023 Sustainability Statement. To demonstrate our commitment to providing meaningful, transparent reports, we will continually examine and enhance our data collection and analysis processes to ensure accuracy and quality.

## OUR SUSTAINABILITY PERFORMANCE IN REVIEW





SUSTAINABILITY STATEMENT  
(CONT'D)

## WEAVING OUR SUSTAINABILITY JOURNEY

2018

- Established a **sustainability governance structure**
- Inclusion of **stakeholder engagement** table
- Identified **nine material matters** and conducted first materiality assessment

2019

- Disclosed **in-depth** stakeholder engagement methods
- Public disclosures of Whistleblowing and Corporate Disclosure policies

2020

- Added the **GRI** standards as a reporting framework
- Adopted **five UN SDGs**
- Conducted materiality assessment and reconfirmed **15 material topics**
- First disclosure of **materiality matrix**

2021

- Added **WHD** to the scope of reporting
- Established a Group-wide **Sustainability Policy**
- Reviewed and updated the stakeholder engagement table
- Inclusion of COVID-19 disclosures

2022

- Realigned the Group's initiatives and reconfirmed **five UN SDGs**
- Restructured the Sustainability Governance Structure
- Established **12 KPIs** across SGL and WHD
- Conducted materiality assessment and reconfirmed **13 material topics**

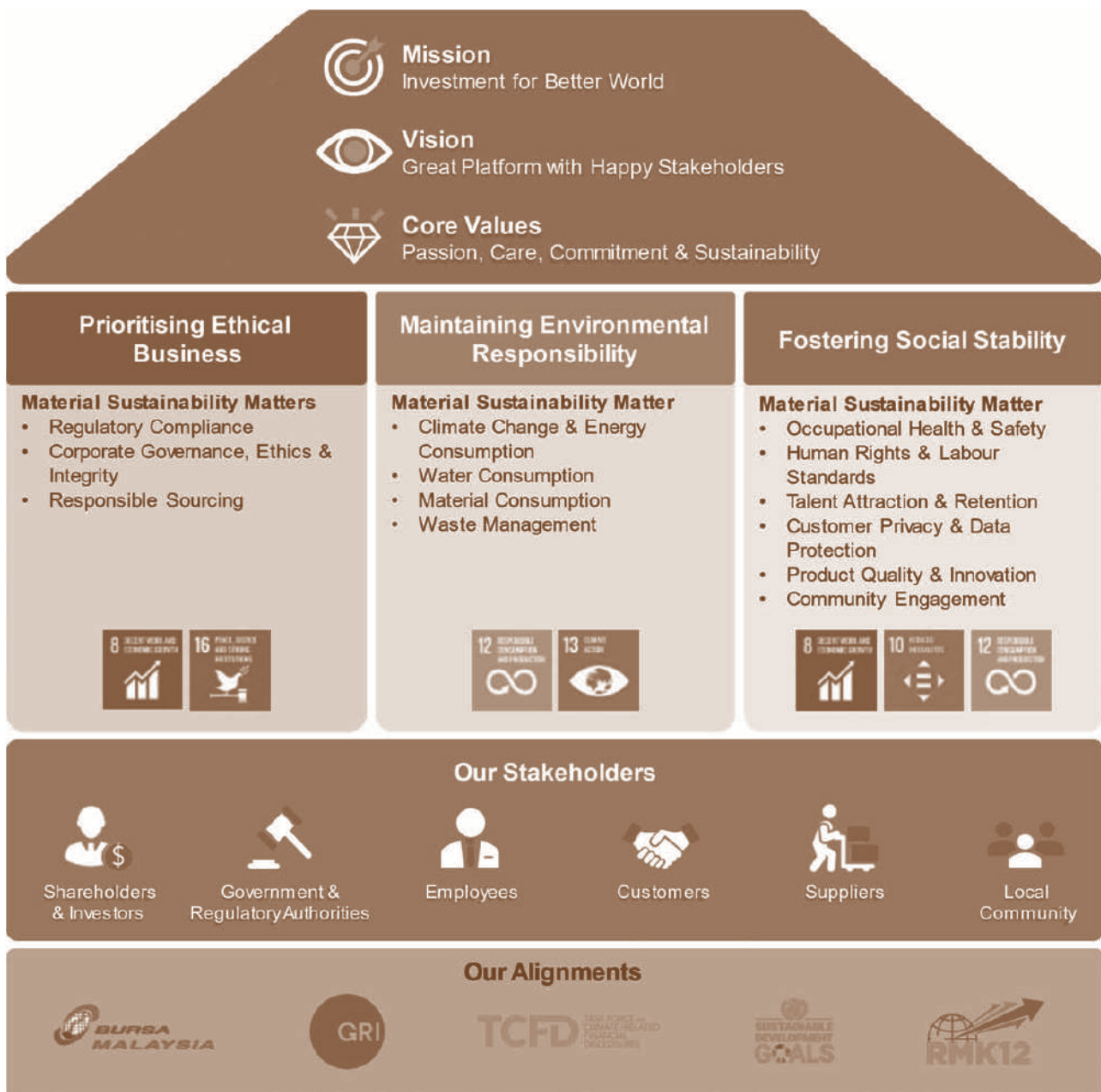
2023

- Developed an **ESG Framework**
- Updated our **Sustainability Policy** to include climate-related disclosures
- Adopted **TCFD Recommendations**
- Reassessed and reconfirmed **10 KPIs**
- Developed a **Terms of Reference** for the Sustainability Committee
- Reassessed our material sustainability matters and reconfirmed **13 material topics**
- Disclosed **Scope 3 Emissions**

## HOW WE APPROACH SUSTAINABILITY

### ESG Framework

For FY2023, we developed an overarching ESG framework that encompasses our mission, vision and core values. The framework is built on pillars that guide our sustainability initiatives, with each anchored in specific material sustainability matters that are critical for our business operations and our stakeholders.



## SUSTAINABILITY STATEMENT (CONT'D)

### The Group's Contribution to the UN SDGs

Serving as an outline framework for building an equitable future, the UN SDGs are a set of 17 goals established for effective sustainable development at a global, national and regional scale. The Group adopted the SDGs in order to focus on the areas where we can make the greatest impact, contribute to the national climate action objective and achieve Net Zero by the year 2050. Throughout FY2023, we kept our focus on the five (5) UN SDGs that best reflect the Group's long-term sustainability goals.



- 8.7** Eradicate forced labour, end modern slavery, human trafficking and child labour
- 8.8** Protect labour rights & promote safe working environments

#### Our Achievements

- **Zero** cases of human rights violation
- **Zero** workplace fatalities



- 10.3** Ensure equal opportunities
- 10.4** Adopt anti-discrimination policies

#### Our Achievements

- **Zero** discrimination cases reported
- **Equal** employment and career development opportunities
- **76%** women employed in our workforce



- 12.2** Resource efficiency
- 12.4** Waste management
- 12.5** Waste reduction & recycling
- 12.6** Sustainable practices & reporting

#### Our Achievements

- Diverted **100%** of our hazardous waste from landfills
- Diverted **85.3%** of our non-hazardous waste from landfills
- **2.3%** decrease in non-hazardous waste generation



- 13.1** Climate resilience & adaptive capacity
- 13.2** Climate change integration in policy and planning

#### Our Achievements

- SGL sourced **1,600 000 kWh** of electricity from renewable wind farms
- **Zero** Scope 2 Emissions at SGL
- **22.1%** decrease in diesel consumption
- **3.8%** reduction in Scope 1 Emissions
- **TCFD** implementation
- Realigned sustainability policy to include climate-related risks and opportunities



- 16.5** Combat corruption & bribery
- 16.10** Safeguard freedom of association
- 16.b** Promote non-discriminatory policies

#### Our Achievements

- **Zero** cases of bribery and corruption
- **Zero** cases of regulatory non-compliance
- Implemented grievance suggestion boxes
- Implemented Freedom of Association Policy
- Implemented Anti-discrimination and Harassment Policy

### Sustainability Governance Structure

In financial year ended 31 March 2018, PCCS established the Sustainability Governance Structure as a crucial initiative towards our commitment to sustainability. We identified the necessity to review and adapt the structure in financial year ended 31 March 2022 (“FY2022”) due to the Group’s current strategic direction. In FY2023, we implemented additional revisions to incorporate climate-related risks and opportunities, in line with the TCFD Recommendations. This action enabled us to better manage climate-related risks and capitalise on opportunities to enhance the sustainability of our business.



#### Board of Directors (“BOD”)

- Oversees the management of sustainability and climate-related strategies, policies, targets and material sustainability matters
- Reviews and approves the content of the sustainability statement
- Ensures ESG-related and climate-related risks and opportunities are incorporated into the Group’s strategy and risk management.



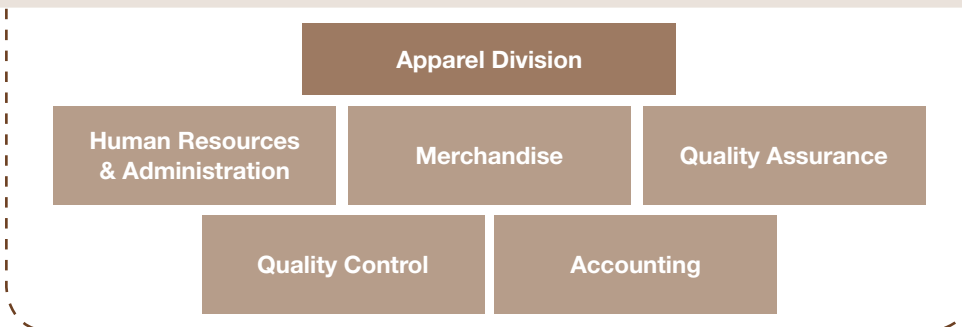
#### Executive Director

- Recommends strategies, policies, and initiatives that support PCCS’s sustainable development
- Reports on the progress of these measures to the Board
- Provides oversight on the execution of sustainability measures by the Sustainability Working Group (“SWG”)



#### SWG

- Implements the Group’s sustainability and climate-related strategies and initiatives into the Group’s day-to-day operations
- Tracks and collates sustainability performance data for monitoring and reporting purposes
- Prepares the Group’s annual sustainability statement



## SUSTAINABILITY STATEMENT (CONT'D)

### Sustainability Policy

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In financial year ended 31 March 2021 (“FY2021”), we took a significant step forward by implementing a Group-wide Sustainability Policy, approved by the Board. The policy was revised on 31 March 2023 and serves as a guiding framework based on three (3) tenets: Prioritising Ethical Business, Maintaining Environmental Responsibility and Fostering Social Stability in our day-to-day garment manufacturing operations. The Group also addressed the pressing issue of climate change and facilitated the transition to a low-carbon future by incorporating climate-related disclosures into our policy.

### Tenets of Our Sustainability Policy

#### Prioritising Ethical Business

- Upholding the highest standards of ethical business conduct and acting with integrity in everything we do;
- Preventing all forms of bribery and corruption across the Group;
- Complying fully with all regulatory and legal requirements that PCCS subscribes to across the markets we operate in;
- Strengthening the bond between the Group and our stakeholders through regular engagement activities; and
- Supporting local economic growth by providing business opportunities to local enterprises to the greatest extent possible.

#### Maintaining Environmental Responsibility

- Implementing initiatives to limit our contribution to climate change and anthropogenic greenhouse gas emissions;
- Incorporating monitoring systems to identify climate-related risks and consequently evaluate and improve our environmental performance to build climate resilience across our operations;
- Optimising our business activities to maximise resource efficiency;
- Procuring products and supplies that are environmentally friendly to minimise the Group’s environmental impact; and
- Enforcing proper waste management practices across our operations to minimise adverse impacts on the environment and surrounding communities.

#### Fostering Social Stability

- Manufacturing quality products that sustain customer satisfaction and support long-term value creation;
- Fostering a safe workplace for our employees through the implementation of health and safety best practices across our factories and offices;
- Respecting and protecting employee rights, providing equal opportunity to all;
- Organising capacity building programmes to support employee development and growth; and
- Protecting customer data privacy against unauthorised access and use.

SUSTAINABILITY STATEMENT  
(CONT'D)











**Task Force on Climate-Related Financial Disclosures (TCFD) Reporting Recommendations**

Recognising the importance of addressing climate change, we are committed to reducing our carbon footprint in alignment with the Paris Agreement’s goal of limiting global temperature rise to 1.5°C. Guided by the TCFD Recommendations, we aligned our climate-related disclosures with its four (4) core elements: governance, strategy, risk management, metrics and targets, allowing us better management of our climate-related matters and improving the transparency of our disclosures.

<p><b>Governance</b></p>	<p>Our Board of Directors (“<b>Board</b>”) oversees climate-related risks and opportunities, recognising their potential impact on our operations, supply chains, financial performance, and reputation. During Board meetings, we review and discuss sustainability-related topics, including climate risks. Our Executive Director works with the Board to assess and manage these risks, ensuring that we maintain a proactive approach to sustainability governance.</p>
<p><b>Strategy</b></p>	<p>To guide us in performing sustainable business operations, we adopted a comprehensive Sustainability Policy with climate risk mitigation elements. Our policy outlines our commitment to addressing climate change and identifies specific strategies for reducing our environmental impact and building resilience to climate risks. By integrating sustainability into our core business strategy, we aim to create long-term value for all our stakeholders.</p>
<p><b>Risk Management</b></p>	<p>We developed a robust Risk Management System to identify, assess, and manage current and emerging climate-related risks. Our system includes regular risk assessments to ensure that we stay ahead of emerging risks and opportunities.</p>
<p><b>Metrics and Targets</b></p>	<p>We established clear metrics and targets for measuring and disclosing our climate-related risks and opportunities in our Energy Management System and Environmental Management Programme. These metrics and targets include reducing our greenhouse gas (“<b>GHG</b>”) emissions, increasing our energy efficiency, and transitioning to renewable energy sources.</p>







SUSTAINABILITY STATEMENT  
(CONT'D)

## Sustainability Key Performance Indicators

Material Matters	Division	KPIs	UN SDGs	Progress
<b>Prioritising Ethical Business</b>				
Regulatory Compliance	<b>SGL &amp; WHD</b>	20% of employees trained on Anti-Bribery and Anti-Corruption (“ABAC”) Policy, Code of Conduct and other relevant Group-wide policies and procedures year-on-year.		Achieved
Corporate Governance, Ethics & Integrity	<b>SGL &amp; WHD</b>	Zero non-compliances with applicable laws and regulations year-on-year.		Achieved
Responsible Sourcing	<b>SGL &amp; WHD</b>	At least 70% of expenditure spent on local suppliers.		Not Achieved (64%)
<b>Maintaining Environmental Responsibility</b>				
Climate Change & Energy Consumption	<b>SGL</b>	To reduce overall electricity consumption by 2%. (Baseline FY2020: 1,263,415 kWh)		Not Achieved (1,519,513 kWh)
Water Consumption	<b>SGL</b>	To reduce water consumption intensity by 3%. (Baseline FY2020: 0.00288 m3/pcs)		Not Achieved (0.00370 m3/pcs)
	<b>WHD</b>	To reduce water consumption intensity by 1%. (Baseline FY2020: 0.00464 m3/pcs)		Achieved (0.00370 m3/pcs)
<b>Fostering Social Stability</b>				
Occupational Health & Safety	<b>SGL &amp; WHD</b>	Zero fatalities across the Group year-on-year.		Achieved
Human Rights & Labour Standards	<b>SGL &amp; WHD</b>	Zero cases of discrimination reported year-on-year.		Achieved
Customer Privacy & Data Protection	<b>SGL &amp; WHD</b>	Zero cases of customer data mismanagement and breaches year-on-year.		Achieved
Talent Attraction & Retention	<b>SGL &amp; WHD</b>	Achieve an average of 3 hours of training per employee year-on-year.		Achieved (5.8 hours)

## STAKEHOLDER ENGAGEMENT

Stakeholder input is valuable in ensuring we meet their requirements and expectations. Thus, we maintain several open communication channels to effectively facilitate enhanced stakeholder engagement to better understand material issues and address areas of concern. In total, we respond to and engage with six (6) stakeholder groups.

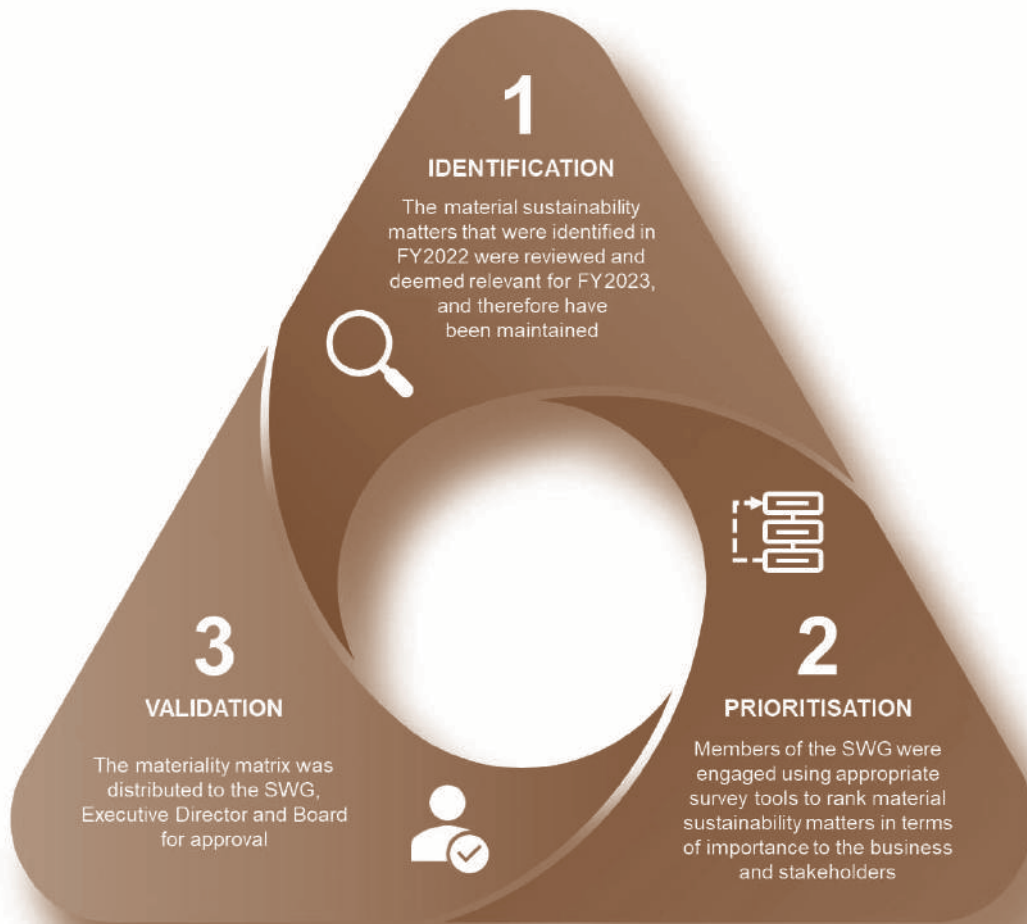
Legend				
	■ Ad hoc	■ Monthly	■ Annually	■ Throughout the year
	Key Areas of Concern	How We Respond	Method of Engagement	
<b>Shareholders &amp; Investors</b> 	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Corporate governance</li> <li>Business compliance</li> </ul>	<ul style="list-style-type: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



SUSTAINABILITY STATEMENT  
 (CONT'D)

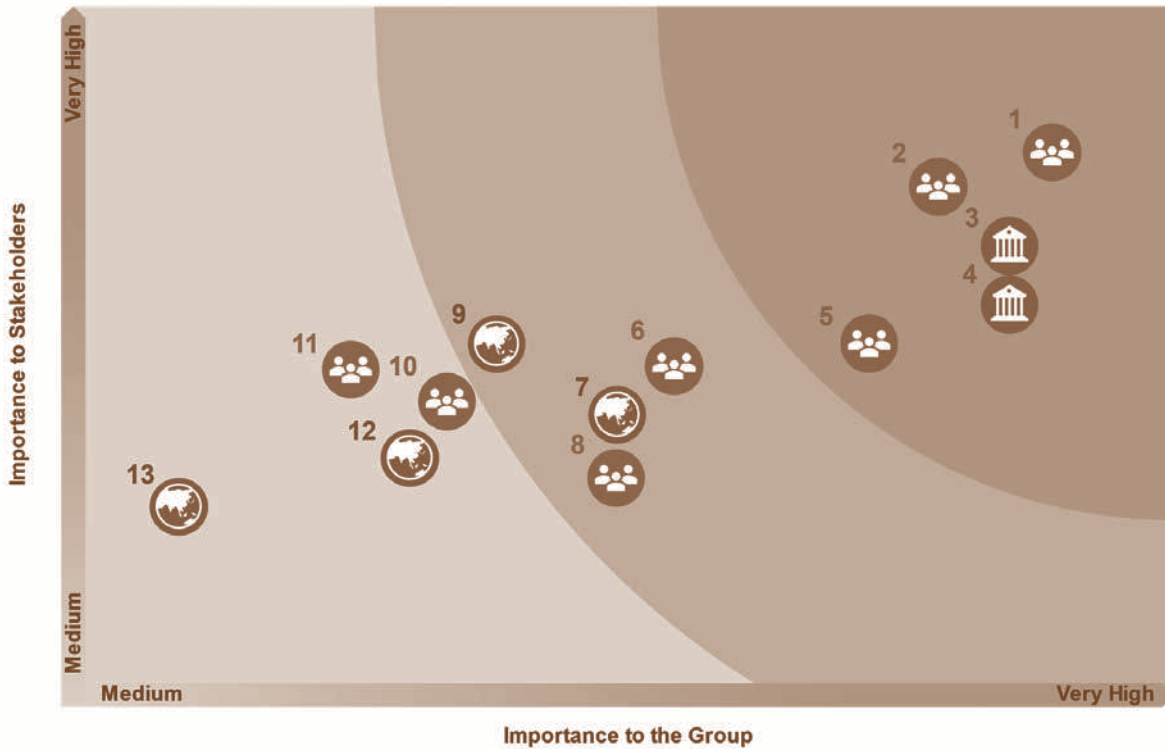
**MATERIALITY ASSESSMENT**

We employ a systematic approach to identifying material topics with the most significant impact on our stakeholders and business operations by conducting regular and comprehensive materiality assessments to gain an in-depth understanding of our material issues. This enables us to align our sustainability framework with specific focus areas, ensuring a clear and focused approach to sustainability.



SUSTAINABILITY STATEMENT  
(CONT'D)

Materiality Matrix


















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

To ensure that our sustainability initiatives are aligned with the priorities of our stakeholders and business, we regularly reassess our material sustainability matters and rank them accordingly. As part of our update for FY2023, we identified our top five (5) material sustainability matters which include **Occupational Health & Safety, Human Rights & Labour Standards, Regulatory Compliance, Corporate Governance, Ethics & Integrity, and Customer Privacy & Data Protection**. This shift in focus signals a heightened recognition of the importance of creating a safe and healthy workplace environment, and highlights the Group’s continued stance of complying with relevant regulations and standards while prioritising the well-being of our workforce.

SUSTAINABILITY STATEMENT  
(CONT'D)










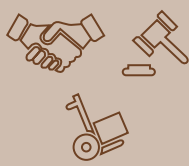




**Mapping of Material Sustainability Matters**

To showcase the integration of our sustainability commitments and efforts, we aligned the material sustainability matters with the UN SDGs adopted by the Group, relevant stakeholder groups, and GRI indicators.

Material Matters	Our Approach	GRI Indicators	UN SDGs	Stakeholder Groups
<b>Prioritising Ethical Business</b>				
Regulatory Compliance	We established mechanisms to ensure the Group's compliance with applicable laws and regulations and to account for any changes in the regulatory landscape.	GRI 3-3: Material Topics	 	
Corporate Governance, Ethics & Integrity	The Group is guided by a robust governance structure and upholds high standards of ethics and integrity in our business conduct. We also implemented an extensive array of policies, codes and procedures to ensure that PCCS and those we engage with operate ethically.	GRI 205: Anti-Corruption		
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.	GRI 204: Procurement Practices		
<b>Maintaining Environmental Responsibility</b>				
Waste Management	The Group minimises our environmental and public health impacts by managing our waste generation per regulatory requirements and industry standards.	GRI 306: Waste		
Climate Change & Energy Consumption	We look to mitigate our impact on the environment and take action on climate change by adopting energy-efficient measures that minimise greenhouse gas emissions.	GRI 302: Energy GRI 305: Emissions		
Material Consumption	PCCS strives to efficiently utilise raw materials in the manufacturing of our end products and to minimise and avoid material wastage where possible.	GRI 301: Materials		
Water Consumption	PCCS aims to manage our water consumption efficiently across our operations using adopted measures to monitor and manage consumption.	GRI 303: Water and Effluents		



SUSTAINABILITY STATEMENT  
(CONT'D)

**Mapping of Material Sustainability Matters (Cont'd)**

Material Matters	Our Approach	GRI Indicators	UN SDGs	Stakeholder Groups
<b>Fostering Social Stability</b>				
Occupational Health & Safety	Measures are taken to protect the health and safety of our employees and maintain a safe and conducive working environment.	GRI 403: Occupational Health and Safety		
Human Rights & Labour Standards	The Group respects the rights of employees and the community and implemented measures and procedures to safeguard their rights across our subsidiaries.	GRI 406: Non-Discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labour GRI 409: Forced or Compulsory Labour	 	
Customer Privacy & Data Protection	We safeguard our customers' data and privacy from data breaches with established policies and procedures across our subsidiaries.	GRI 418: Customer Privacy		
Product Quality & Innovation	PCCS adopts innovative solutions and incorporates the latest technologies and systems to ensure the quality of our products.	GRI 417: Marketing and Labelling	 	
Talent Attraction & Retention	We engage with our workforce to boost morale and provide competitive benefits and compensation.	GRI 401: Employment GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity		
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.	GRI 413: Local Communities		

SUSTAINABILITY STATEMENT  
(CONT'D)

**PRIORITISING ETHICAL BUSINESS**

Material Sustainability Matters	UN SDG
Regulatory Compliance Corporate Governance, Ethics and Integrity Responsible Sourcing	 

We recognise the importance of upholding strong business ethics and integrity in building trust with our stakeholders and mitigating operational risks. To achieve this, we put in place a comprehensive governance framework as well as policies and procedures that enable us to identify and address potential ethical dilemmas and non-compliance issues. By adhering to these standards, we aim to maintain the trust of our stakeholders and ensure that we always operate with the highest degree of integrity.

**Regulatory Compliance**

PCCS complies with all regulatory and statutory laws in the countries where we operate. As a multinational organisation, we established robust mechanisms to monitor and stay informed of the regulatory landscape in our various markets. We aim to ensure that we continuously conduct our operations in a transparent and responsible manner by strictly adhering to these laws and regulations.

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

In China, we conduct routine internal audits to ensure compliance with laws and stay up-to-date with changing regulations. We also keep our employees informed of any updates through memorandums.

To ensure compliance with employment, safety, health, and environmental requirements, WHD implemented a robust Compliance Management System which highlights procedures for internal and external audits. WHD utilises the Higg Facility Environmental Module (“**HIGG FEM**”) to assess the environmental impact of our garment manufacturing processes. By using this module, we evaluate our environmental performance and ensure compliance with the laws of the country in which we operate.

Furthermore, WHD collaborates with Better Factories Cambodia (“**BFC**”), a joint programme between the International Labour Organisation (“**ILO**”) and the International Finance Corporation (“**IFC**”). We guarantee that we manufacture our garments in accordance with Cambodian Labour Law, adhere to the ILO’s fundamental conventions, and promote human rights and ethical practises in all of our operations as our factory complies with BFC standards.

For FY2023, there were **zero (0)** incidences of non-compliance for both subsidiaries.

SUSTAINABILITY STATEMENT  
(CONT'D)

**Corporate Governance Ethics and Integrity**

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We adhere to the highest standards of conduct and integrity throughout the Group by implementing various measures, procedures, and policies. In addition to aligning our business operations with responsible practises, we are driven to provide effective oversight of our strategies and decisions to gain our stakeholders’ and investors’ confidence and trust. In doing so, we endeavour to maintain our reputation as a trusted and responsible company.

To ensure ethical and responsible business practises, we implemented a number of corporate governance, ethics and integrity policies.

Policy	Description
Corporate Disclosure Policy	Outlines the Group’s disclosure requirements and practices in disseminating corporate information and dealing with our stakeholders while maintaining compliance with relevant laws and regulations.
Directors’ Remuneration Policy	Acts as guidance in the process to determine remuneration packages for Directors and the Group’s Managing Director and 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.
Anti-Bribery and Anti-Corruption (“ <b>ABAC</b> ”) Policy	Prevents incidences of bribery and corruption within our operations. It acts as a guide in upholding the Group’s position on bribery and corruption.
Code of Business Conduct and Ethics (“ <b>Code</b> ”)	Outlines the Group’s standards of behaviour for Directors, management and employees.
Whistle Blowing Policy	Provides a channel for individuals to report incidents of negligence and corruption committed by Directors, management and employees.

To ensure ethical operations, our subsidiaries in China and Cambodia implemented company-specific policies tailored to their local operations. We designed these policies to align our operations in these countries with our overall support for ethical business practises.

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	Freedom of Association and Collective Bargaining Policy
Production Working Hours and Compensation Policy	Prohibition of Discrimination Policy
	Prohibition of Child Labour Policy
	Foreign Employee Policy
	Environment Policy
	Prohibition of Forced Labour, Slavery and Human Trafficking Policy

**SUSTAINABILITY STATEMENT**  
(CONT'D)

**Corporate Governance Ethics and Integrity (Cont'd)**

We conduct annual ABAC training sessions to ensure staff adherence to our policies and procedures. In FY2023, we successfully trained **128** staff members on ABAC at WHD.

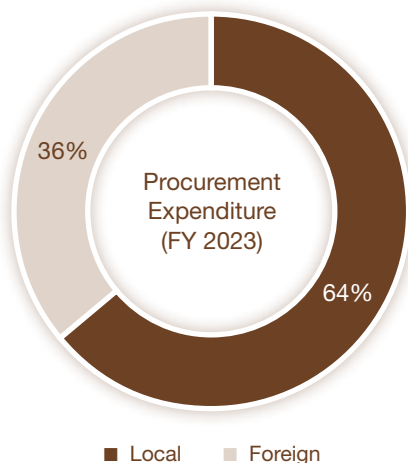
We disseminate our policies throughout our organisation via the Employee Handbook, corporate website, and bulletin boards. The Group provides new hires with an induction programme that encompasses Code briefings and provides an Employee Handbook that outlines the principles and values they must uphold. We review and update the handbook regularly to ensure relevancy and statutory compliance. We trained **128** WHD employees on the Code in FY2023.

WHD	
Training Programme	No. of attendees
Disciplinary Procedure and Anti-Corruption Policy	128
Code of Conduct Training	128
Grievance Policy and Procedure Training	128
Policy and Procedure Training	128

We prioritise protecting whistleblowers and establish anonymous reporting procedures to safeguard employees from retaliation. WHD and SGL uphold their Grievance Policy and Procedure, and provide suggestion boxes for employees to express their concerns. In FY2023, WHD trained 128 employees on the policy and addressed all 16 feedbacks received through the grievance suggestion box.


<p><b>Zero</b> cases of bribery and corruption Group-wide</p> 	<p><b>Zero</b> cases of grievance submitted at SGL</p> 
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**Responsible Sourcing**



We prioritise responsible sourcing practices for both our direct materials that are used in the production of our apparel and indirect materials which support the production process. The sustainability of our supply chain is imperative to reducing our carbon footprint and decarbonising our value chain. In FY2023, we spent 64% of procurement on local suppliers Group-wide. At WHD, we sourced our packaging, printing material and embroideries locally, while we procured our fabric and some accessories from foreign suppliers.

## MAINTAINING ENVIRONMENTAL RESPONSIBILITY

Material Sustainability Matters	UN SDG
Climate Change and Energy Consumption Waste Management Material Consumption Water Consumption	 

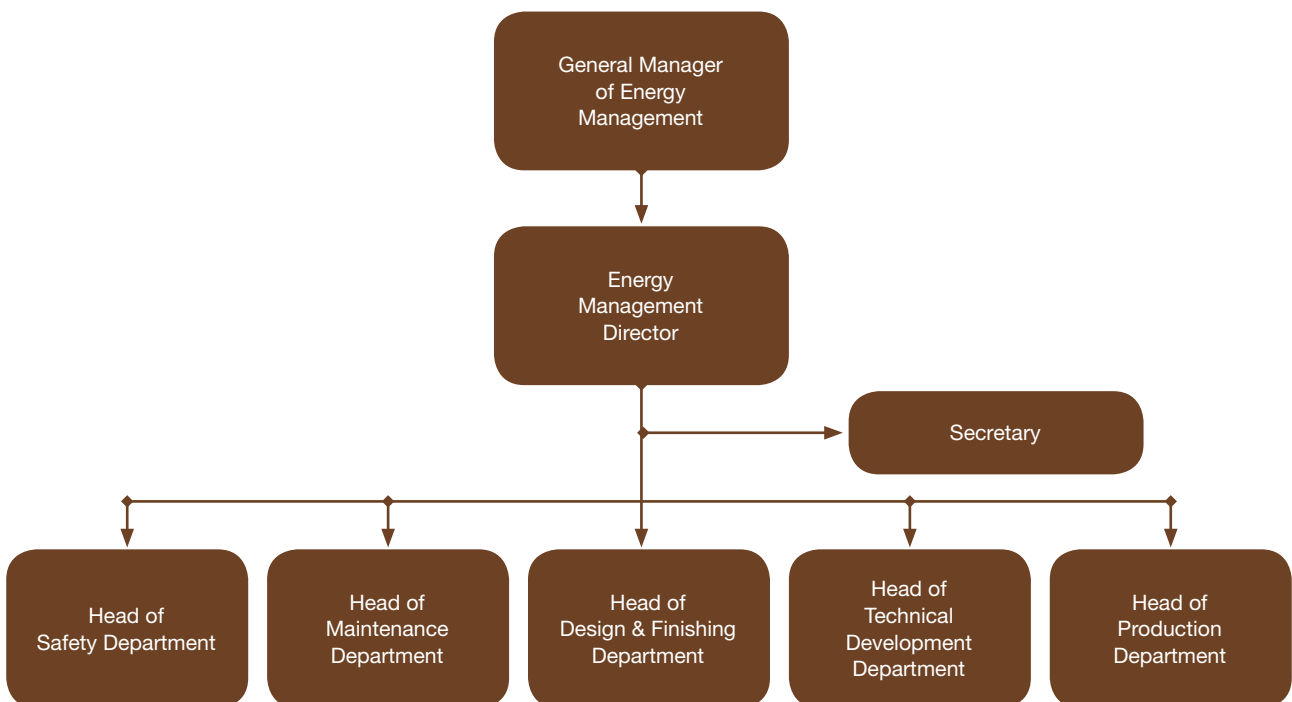
We prioritise mitigating the environmental impact of our operations in China and Cambodia by managing resources, energy, waste and effluent sustainably and efficiently and addressing concerns such as climate change and water usage. The Group implemented a range of measures to achieve this goal, including establishing an Environmental Management System, Environmental Policy, Energy Management System, and Energy Policy.

### Climate Change and Energy Consumption

Enhancing our energy performance is essential to achieving sustainable development. Therefore, we developed a comprehensive Energy Policy for SGL and WHD, outlining our long-term objectives, management system and dedication to continuous improvement. Our Energy Policies set goals with SGL targeting a 2% reduction in electricity consumption annually and WHD targeting a 1% reduction annually.

To support these goals, we implemented a robust Energy Management System that emphasises data-driven decision-making. We allocate resources to set achievable energy targets, conduct feasibility studies on proposed energy efficiency investments and verify new energy-saving projects to minimise energy consumption. By embracing best practices and innovative technologies, we strive to optimise our energy efficiency, reduce our environmental impact and promote responsible energy management across all our operations.

**SGL's Energy Management Organisational Chart**





SUSTAINABILITY STATEMENT  
(CONT'D)

**Responsibilities of the Energy Management Committee**

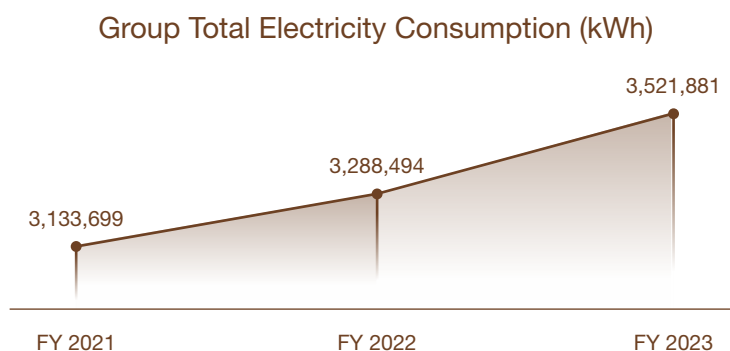
Roles	Responsibilities
<b>General Manager</b>	<ol style="list-style-type: none"> <li>1. Implements national, provincial, municipal and district energy-saving policies, laws and regulations.</li> <li>2. Oversees and manages daily energy management operations.</li> <li>3. Leads the development of the company's overall energy-saving plan.</li> <li>4. Stays up-to-date with new energy management developments and identifies opportunities for innovation.</li> </ol>
<b>Heads of Department</b>	<ol style="list-style-type: none"> <li>1. Implements national, provincial, municipal and district energy-saving policies, laws and regulations.</li> <li>2. Collaborates with the energy management general manager to develop and implement energy-saving plans.</li> <li>3. Provides regular reports and develops effective energy-saving implementation plans.</li> <li>4. Stays up-to-date with new energy management developments.</li> <li>5. Develops and organises energy-saving training programmes for employees.</li> <li>6. Supervises and inspects energy-saving plans and implementation across workshops.</li> </ol>
<b>Committee</b>	<ol style="list-style-type: none"> <li>1. Enforces energy-saving policies and regulations at all government levels.</li> <li>2. Collaborates with the energy management leader to implement daily energy-saving operations in the department.</li> <li>3. Develops and executes the department's energy-saving plan in alignment with the company's annual energy-saving plans.</li> <li>4. Achieves company energy-saving goals by effectively implementing the department's energy-saving plan.</li> </ol>

SGL established an Energy Management Committee and appointed an Energy Management Manager to oversee and manage the implementation of energy-saving initiatives across all departments of the company, ensuring that our Energy Policy is effectively implemented. By adopting a top-down approach, all employees become aligned with our energy-saving goals and actively work towards achieving them.

The Energy Policy is periodically updated to reflect the factory's current situation and ensure that it aligns with the company's standpoint on sustainability.

**Energy Consumption**

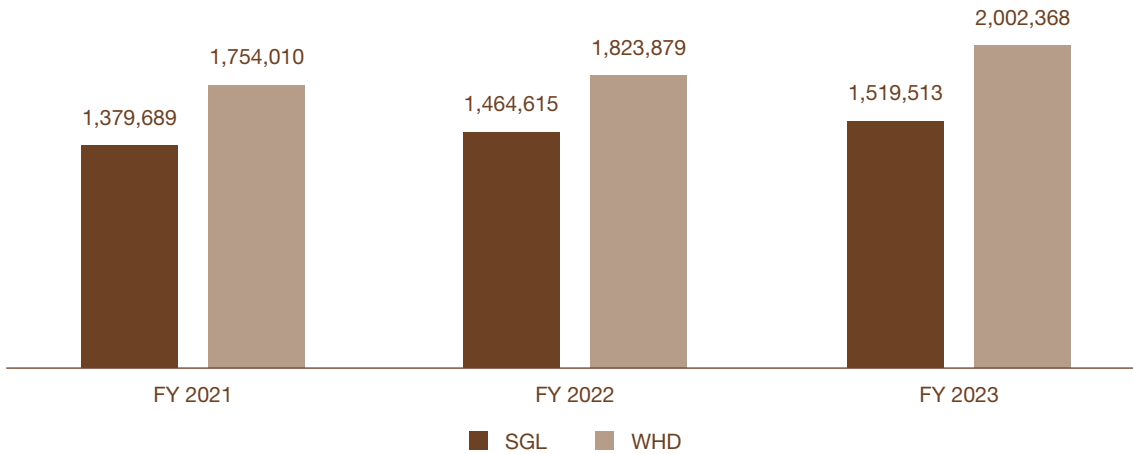
In FY2023, the Group's electricity consumption increased by 7.1%, reaching a total of **3,521,881 kWh**.



SUSTAINABILITY STATEMENT  
(CONT'D)

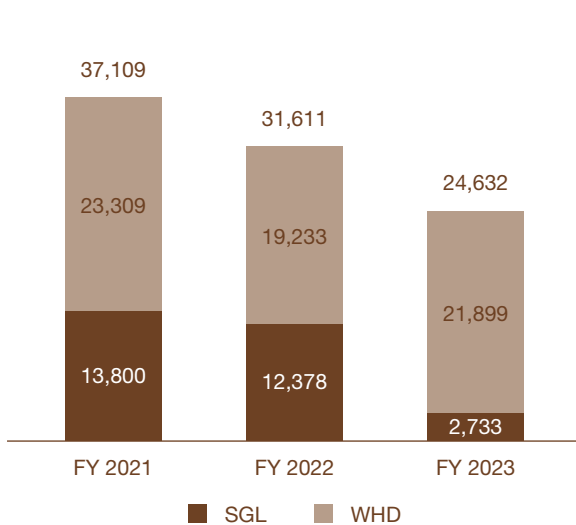
Energy Consumption (Cont'd)

Electricity Consumption (kWh)

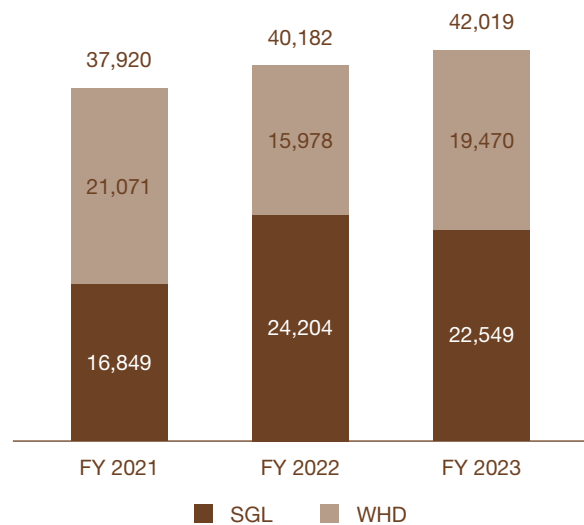


This rise can be attributed to the exceptionally hot summer experienced during June, July and August 2022, compared to previous years. The elevated temperatures necessitated extensive use of air-conditioning facilities in both the factory and dormitory, resulting in higher energy demand. It is important to note that our Occupational Health and Safety (“OHS”) management system identifies heatstroke as a high risk, which prompted the use of air conditioning for employee well-being and safety.

Diesel Consumption (L)



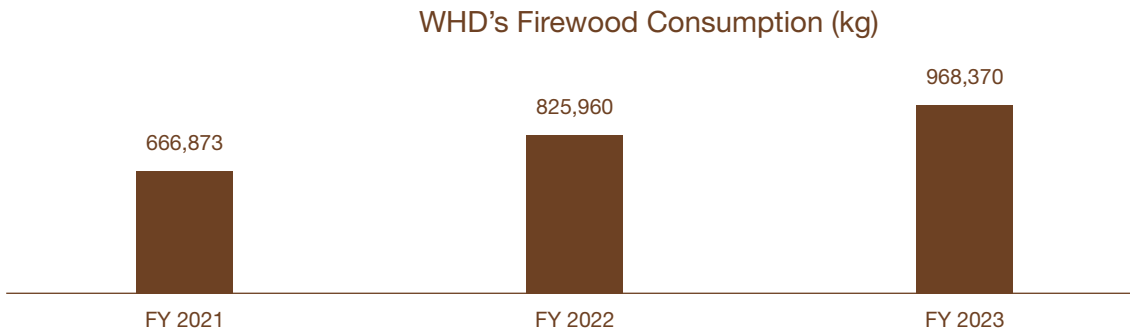
Petrol Consumption (L)



The Group primarily uses diesel for its vehicles and generators, with a total consumption of **24,632 L** in FY 2023 representing a significant decrease of 22.1% compared to the previous year. SGL made a substantial contribution to this achievement by reducing diesel consumption by 77.9%. We accomplished this by downsizing our fleet and decommissioning our highest fuel-consuming truck. However, the Group’s petrol consumption slightly increased by 4.6%, from **40,182 L** in FY 2022 to **42,019 L** in FY2023.

**SUSTAINABILITY STATEMENT**  
(CONT'D)

**Energy Consumption (Cont'd)**

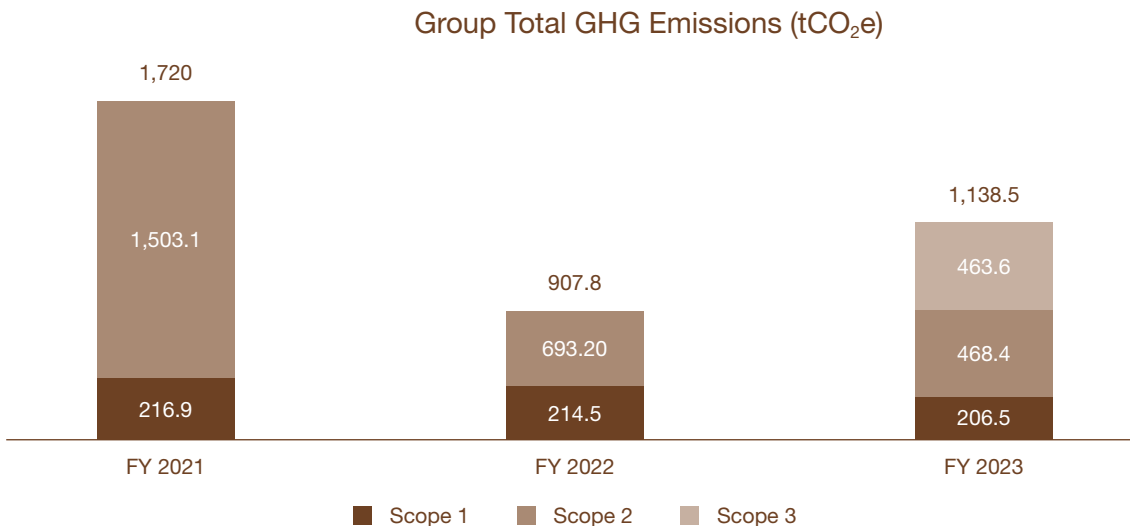


WHD utilises renewable firewood as fuel for its boilers. In FY2023, WHD consumed **968,370 kg** of firewood, marking a 17.2% increase from the previous year. This rise can be attributed to the increased production numbers and working hours. WHD is actively working to increase energy efficiency and constantly explores innovative methods to expand our use of renewable energy sources.

**Total GHG Emissions**

In FY2023, we expanded beyond Scope 1 and Scope 2 and enhanced our reporting by incorporating partial Scope 3 emissions. This enabled us to address emissions sources related to our activities but not directly owned by us, such as work-related air travel and employee commutes. Scope 1 emissions encompassed direct emissions from the combustion of diesel, petrol and firewood within our operations, while Scope 2 emissions represented indirect emissions from purchased electricity consumption.

We calculated our Scope 1, 2 and 3 emissions following the GHG Protocol Guideline and used the most up-to-date emissions factor available. For Scope 1 and Scope 3 emissions, we utilised the emissions factor from the UK Government: GHG Conversion Factor 2023. As for Scope 2 emissions from grid electricity, we analysed them using the emissions factor derived from the China Regional Power Grid Baseline Factors for SGL and the Ministry of Environment Cambodia Grid Emissions Factor in Cambodia for WHD.

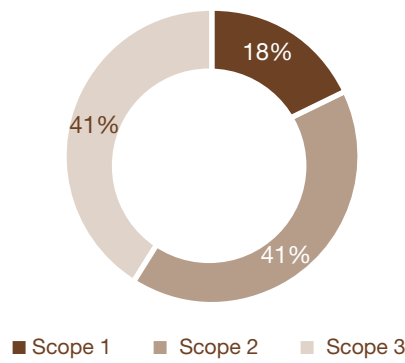


SUSTAINABILITY STATEMENT  
(CONT'D)

**Total GHG Emissions (Cont'd)**

In FY 2023, our total greenhouse gas emissions amounted to **1,138.5 tCO<sub>2</sub>e**. The increase in overall emissions can be attributed to the inclusion of Scope 3 emissions, which accounted for 41% of the total. Scope 1 emissions contributed 18%, while Scope 2 emissions accounted for 41%.

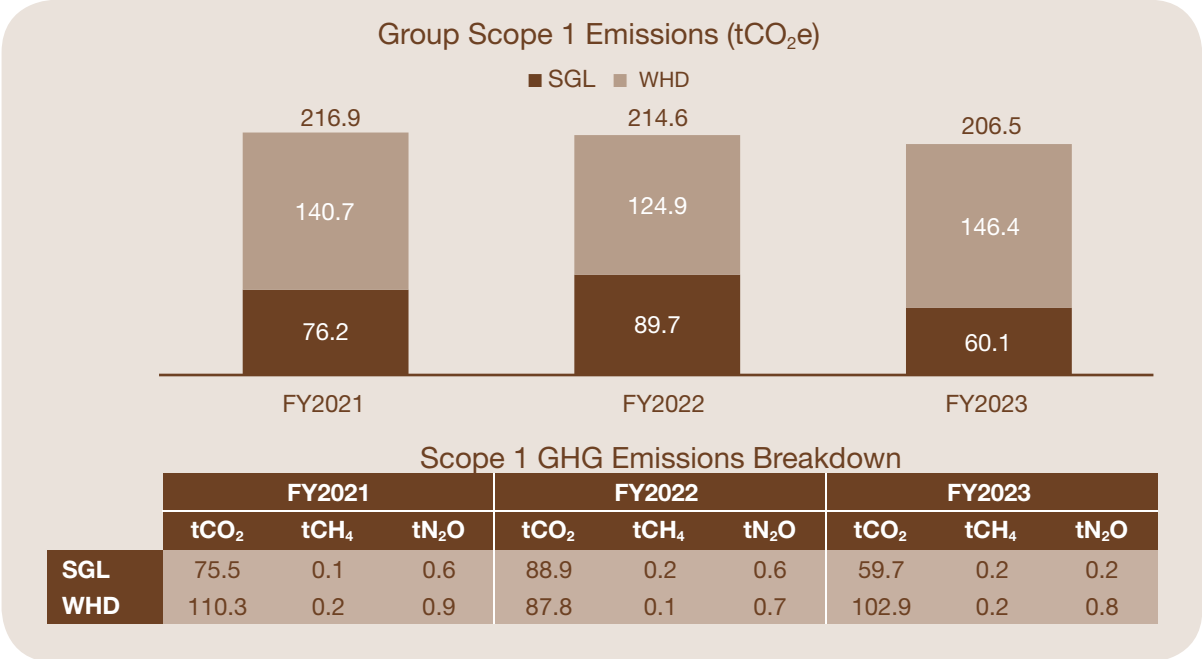
Group GHG Emissions Breakdown (%) in FY2023



Our GHG emissions are measured in tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>e”), which accounts for carbon dioxide (“CO<sub>2</sub>”), methane (“CH<sub>4</sub>”) and nitrous oxide (“N<sub>2</sub>O”). These gases are significant contributors to climate change.

**Scope 1 Emissions**

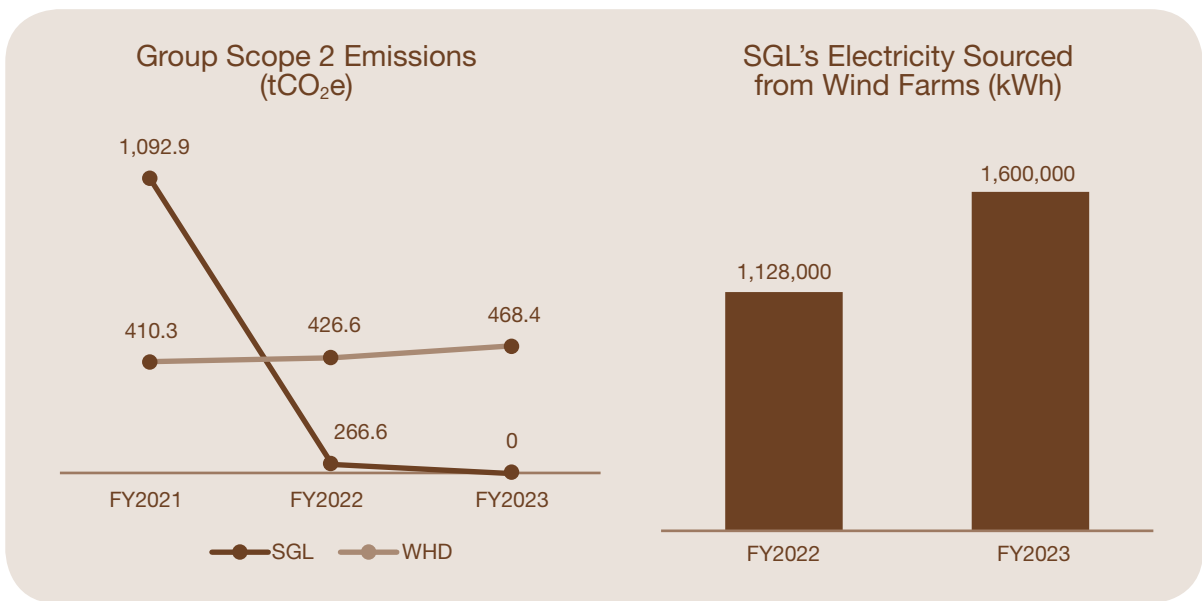
Over the past three (3) financial years, Group Scope 1 Emissions have steadily declined. FY2023 experienced a 3.8% decrease compared to the previous year. SGL drove the reduction by downsizing its vehicle fleet, which resulted in a reduction in diesel consumption. The increase in firewood consumption has caused minor rise in WHD’s Scope 1 emissions.



**SUSTAINABILITY STATEMENT**  
(CONT'D)

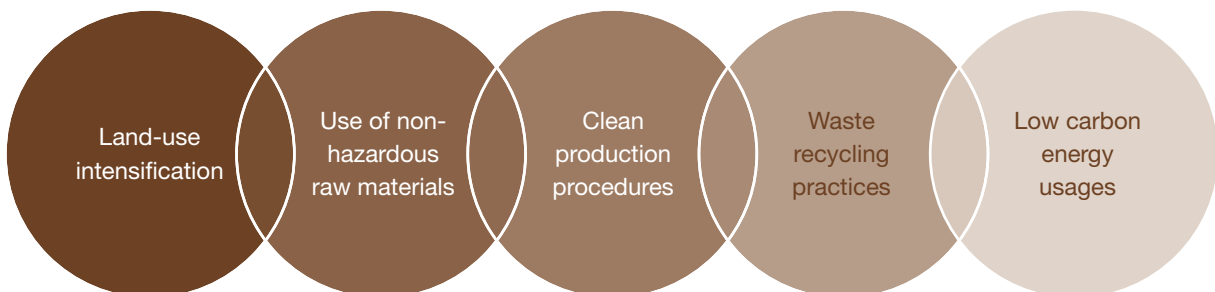
**Scope 2 Emissions**

As part of our decarbonisation strategy, our SGL factory in China purchased **1,600** International Renewable Energy Certificates (“**I-RECs**”), representing **1,600,000 kWh** of renewable energy in the form of electricity generated from onshore wind farms. This initiative is part of our commitment to the Green Factory Project implemented in FY2021. Using I-RECs, we were able to offset our Scope 2 emissions for FY 2023 and increased our renewable energy utilisation by 41.8% from FY2022. Our total Scope 2 emissions amounted to **468.4 tCO<sub>2</sub>e** from WHD.



The Green Factory Project is a three (3)-year endeavour focusing on promoting sustainable development by addressing five (5) areas of ESG concern.

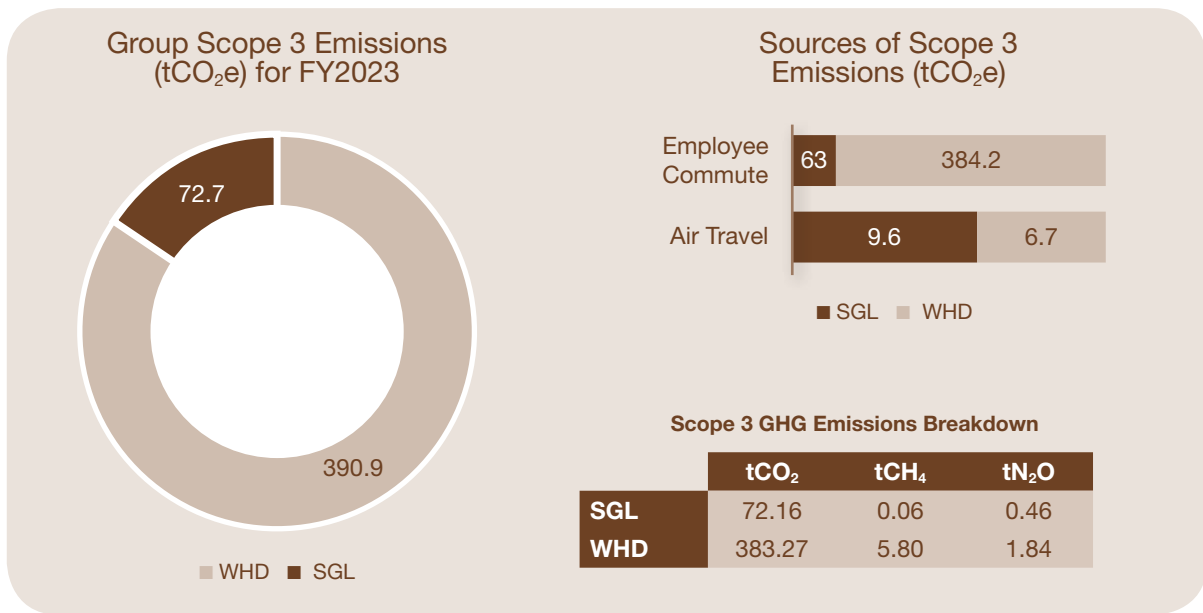
**Green Factory Project Components**



SUSTAINABILITY STATEMENT  
(CONT'D)

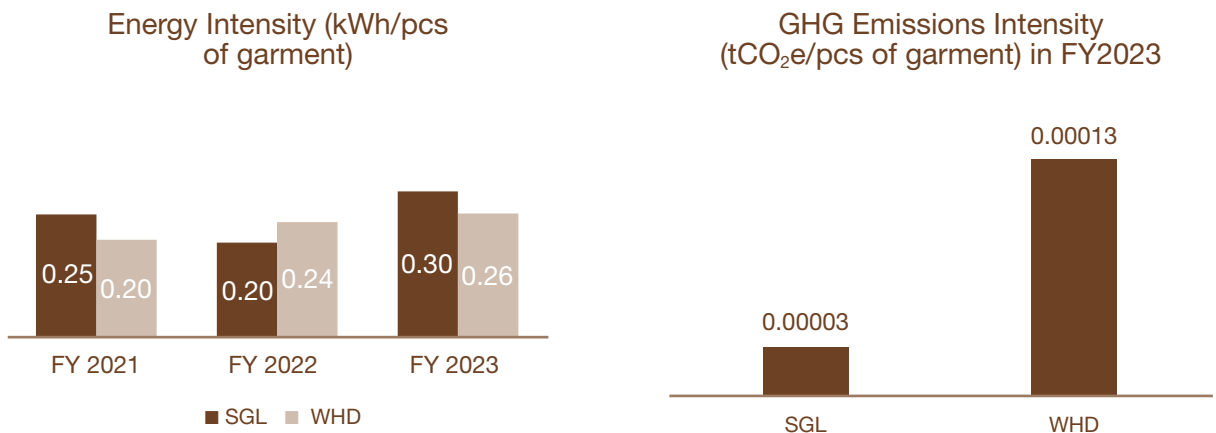
**Scope 3 Emissions**

Focusing specifically on employee air travel and commuting, we measured our Scope 3 emissions at **463.6 tCO<sub>2</sub>e** in FY2023. WHD accounted for 84% of these emissions, due predominantly to its larger workforce in comparison to SGL.



Our Scope 1 and Scope 3 emissions exhibited negligible levels of CH<sub>4</sub> and N<sub>2</sub>O, which have higher global warming potential and a longer atmospheric lifespan compared to CO<sub>2</sub>.

**Carbon Footprint of Our Product**



In FY2023, the energy consumption for manufacturing a single garment at SGL was **0.30 kWh** of electricity, while WHD utilises approximately **0.26 kWh** per garment produced. Through our offset initiatives at SGL, we are pleased to report that each garment produced at SGL has an embodied carbon of **0.00003 tCO<sub>2</sub>e**. However, at WHD, the embodied carbon is **0.00013 tCO<sub>2</sub>e** per piece.

SUSTAINABILITY STATEMENT  
(CONT'D)

Scope 3 Emissions (Cont'd)

Carbon Footprint of Our Product (Cont'd)

In FY2023, WHD in Cambodia participated in the “Low-Carbon Development for Productivity and Climate Change Mitigation through the Transfer of Environmentally Sound Technology (“TEST”) Methodology” project led by the United Nations Industrial Development Organisation (“UNIDO”). This project was intended to promote low-carbon development and climate change mitigation through environmentally sound technologies. As a result of our robust environmental management system, WHD was awarded the Bronze Certificate of the Environmental Management Programme.



**Waste Management**

**Hazardous Waste**

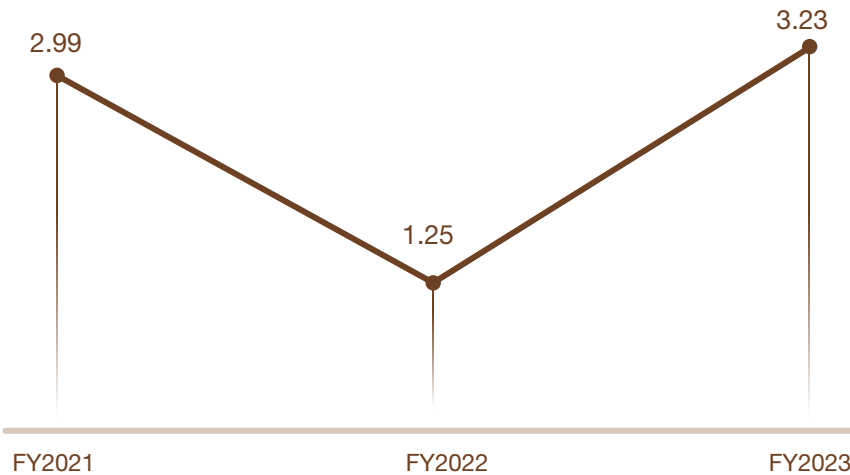
We segregate and label all scheduled waste generated at our facilities to ensure proper handling. Additionally, we collaborate with licenced waste contractors to ensure proper waste collection in the countries where our facilities are situated. **100%** of our hazardous waste is diverted from landfills and recycled.

Disposal Methods and Types of Hazardous Waste (tonnes) in FY2023



We generated a total of **3.23 tonnes** of hazardous waste in FY2023. This increase was a result of increased output at our two (2) subsidiaries. We focus on reducing this number wherever possible by continuing to enhance our waste management practises.

Total Hazardous Waste Generated (tonnes)

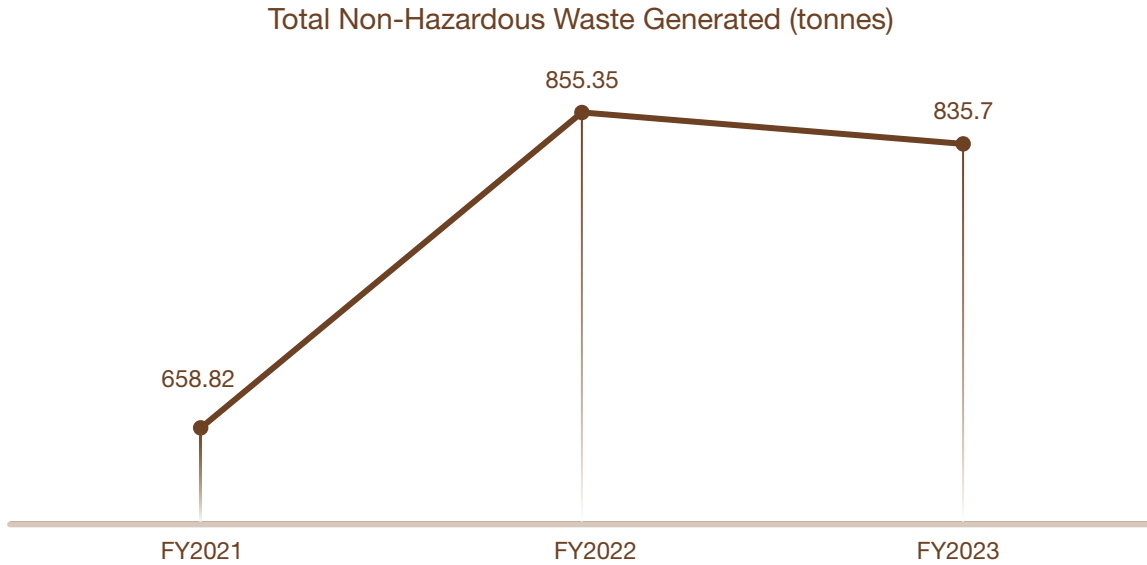




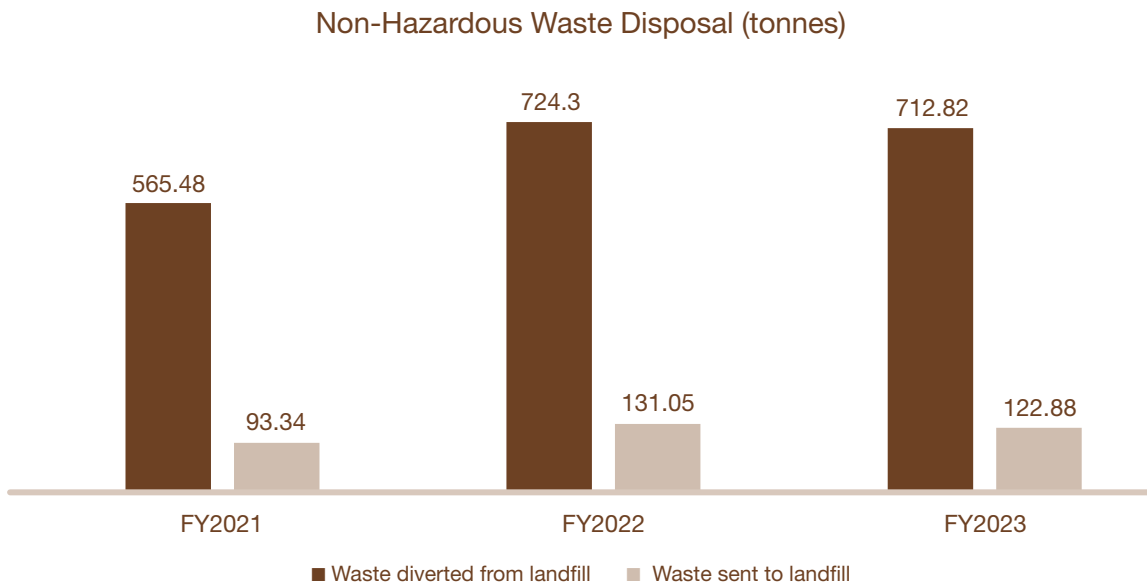
SUSTAINABILITY STATEMENT  
(CONT'D)

Waste Management (Cont'd)

Non-Hazardous Waste



In FY2023, our total non-hazardous waste generated was **835.7 tonnes**, a 2.3% decrease from the previous year's total of 855.35 tonnes.



The Group strives to reduce the amount of waste generated by our operations that is sent to landfills. We follow the 4Rs method and engage recycling contractors to collect and process our recycled waste. Our operations in Cambodia and China adhere to their respective national laws on environmental protection, i.e. the Law on Environmental Protection and Natural Resource Management 1996 and the Environment Protection Law 2018.

**Waste Management (Cont'd)**

**Non-Hazardous Waste (Cont'd)**

To minimise our impact on the environment, we successfully diverted **712.82 tonnes** of non-hazardous waste from landfills in FY2023, with a total of **590.38 tonnes** being recycled (inclusive of paper, plastic, metal and fabric waste) and **122.44 tonnes** of fabric being reused. The remaining **122.88 tonnes** of waste, comprising food waste, boiler ash and general waste, were sent to landfills.

Disposal Methods and Types of Non-Hazardous Waste (tonnes) in FY2023

**Waste Generation**

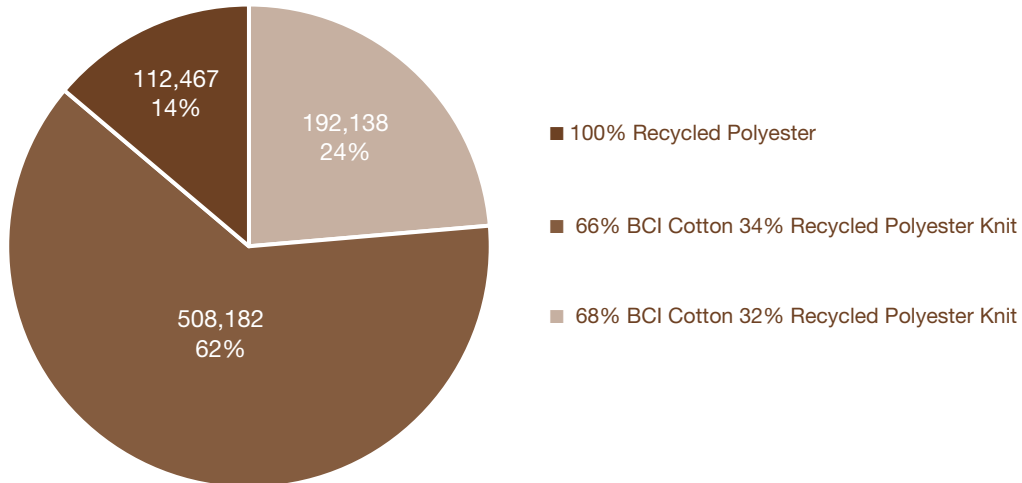


Our Group implemented a comprehensive garbage sorting system and provided staff with proper training on waste segregation. Additionally, we are actively encouraging the reuse of A4 paper to reduce paper waste, and initiated a transition towards a paperless office system. These steps demonstrate our continuing journey to minimise our environmental footprint.

SUSTAINABILITY STATEMENT  
(CONT'D)

**Material Consumption**

WHD's Material Consumption (FY2023)

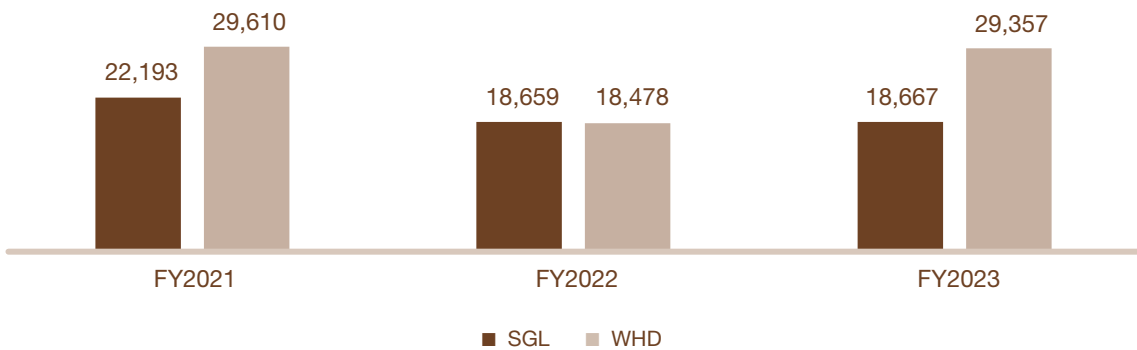


In FY2023, WHD used a total of **812,787 yards** of recycled material, including Better Cotton Initiative (“**BCI**”)-certified cotton and recycled polyester. The BCI Cotton and Recycled Polyester Knit blend made up 86% (**700,320 yards**) of the total, while 100% Recycled Polyester accounted for the remaining 14% (**112,467 yards**). BCI-certified cotton is cultivated using responsible farming practices that reduce water usage, minimise pesticide and fertiliser application, and ensure fair labour practices. By incorporating BCI-certified cotton into our materials, we contribute to a more sustainable and ethical supply chain for cotton-based products.

**Water Consumption**

As a conscientious apparel manufacturer, we are aware of the impact that our daily operations have on water consumption. To mitigate this impact, we instituted a comprehensive programme for water management that includes stringent protocols for monitoring and reducing our water consumption. We recognise the importance of water conservation and have adopted a proactive approach to water management at both of our subsidiaries.

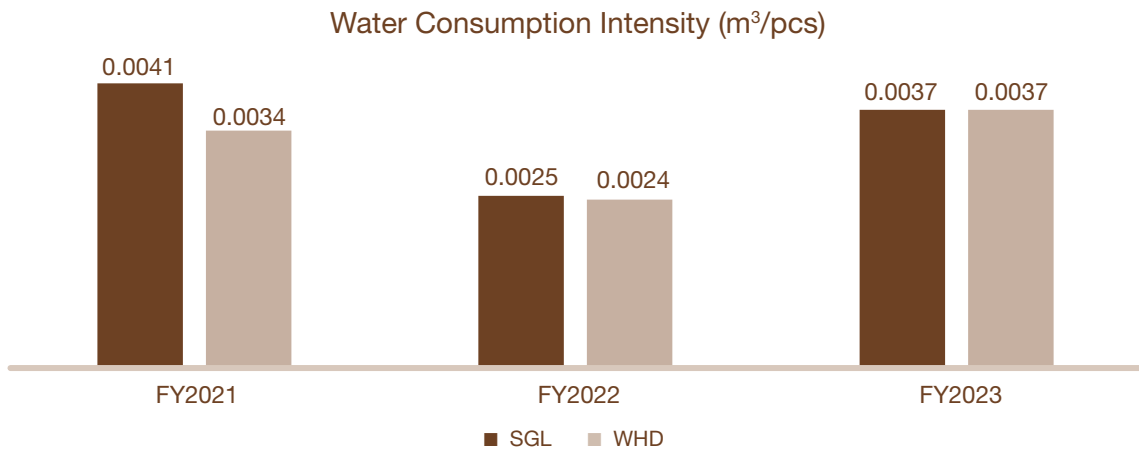
Water Consumption (m<sup>3</sup>)



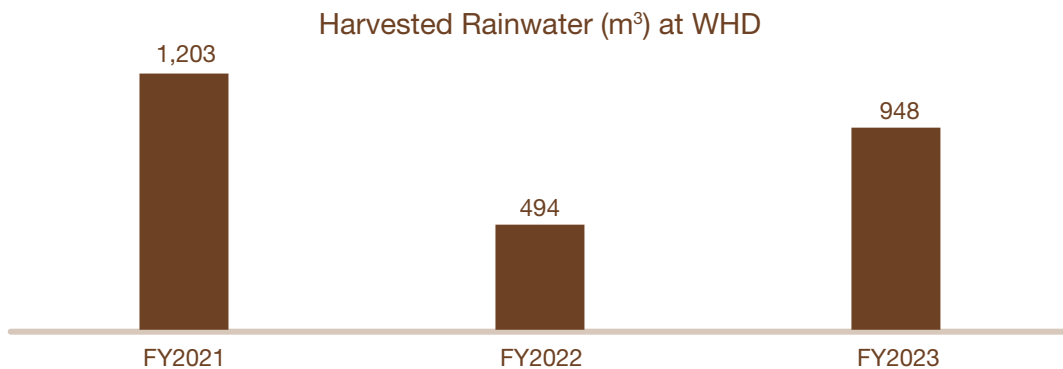
SUSTAINABILITY STATEMENT  
(CONT'D)

**Water Consumption (Cont'd)**

In FY2023, we observed a minimal increase of **18,667 m<sup>3</sup>** in water consumption at SGL. However, due to lower production in FY2023, our water consumption intensity increased to **0.0037 m<sup>3</sup>/pcs** compared to the previous year at 0.0024 m<sup>3</sup>/pcs.



Meanwhile, WHD saw a substantial increase of 58.9% in water consumption, despite only a slight increase in production. Consequently, water consumption intensity for WHD also reached **0.0037 m<sup>3</sup>/pcs**. The surge was attributed to a leakage in the underground piping system, which was promptly identified and rectified.



We prioritise sustainable water management and minimising our production’s environmental impact. WHD installed rainwater harvesting facilities to mitigate the impact of its water consumption, and in FY2023, it collected **948 m<sup>3</sup>** of rainwater, a 91.9% increase from the previous year. The harvested rainwater is primarily utilised for lavatories, thereby conserving our potable water sources.

**Water Consumption Management**

We conduct daily monitoring of our water usage and carry out regular inspections for leaks or faulty appliances that can contribute to water wastage. Additionally, we took steps to improve our water efficiency by installing water-efficient faucets and low-flow water fixtures at SGL to reduce our overall water consumption.

At WHD, we also recognise the critical role of responsible wastewater management. Our effluents undergo careful treatment to remove pollutants before they are discharged into the public sewer system, and we are committed to complying with local regulations and standards. The Cambodian Ministry of Environment has issued a permit that outlines the conditions for discharge, and our treated wastewater consistently meets the limits set by the Sub-Decree on Water Pollution Control. We manage our wastewater responsibly to contribute to the protection of public health and the environment which are fundamental aspects of our sustainability strategy.

SUSTAINABILITY STATEMENT  
(CONT'D)

**FOSTERING SOCIAL STABILITY**

**Material Sustainability Matters**

- Occupational Health and Safety
- Human Rights and Labour Standards
- Customer Privacy and Data Protection
- Product Quality and Innovation
- Talent Attraction and Retention
- Community Engagement

**UN SDG**



Our garment manufacturing operations and activities exert a significant social impact on various stakeholders, including employees, customers, the supply chain and local communities. As such, our primary focus is to honour our social contract with our employees by ensuring a secure and favourable work environment. We are equally dedicated to addressing both the needs and expectations of our customers and supply chain. The Group strongly believes in investing in the betterment of surrounding communities by engaging in proactive measures and improving overall community welfare.

**Occupational Health and Safety**

**Safety Management**

PCCS prioritises the health and safety of our employees as our top priority, given our strong presence in the garment manufacturing industry. We have implemented stringent policies and procedures to identify and mitigate potential risks to our employees, as we understand the critical importance of creating a safe and healthy work environment. Furthermore, we dedicate ourselves to maintaining compliance with relevant local laws and regulations in the countries where we operate.

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)

In China and Cambodia, we provide our employees with medical insurance coverage to safeguard their access to quality medical care when needed. Furthermore, WHD has gone to great lengths to prioritise the health and safety of employees by installing an infirmary room specifically designed to treat minor injuries that may occur on the job.

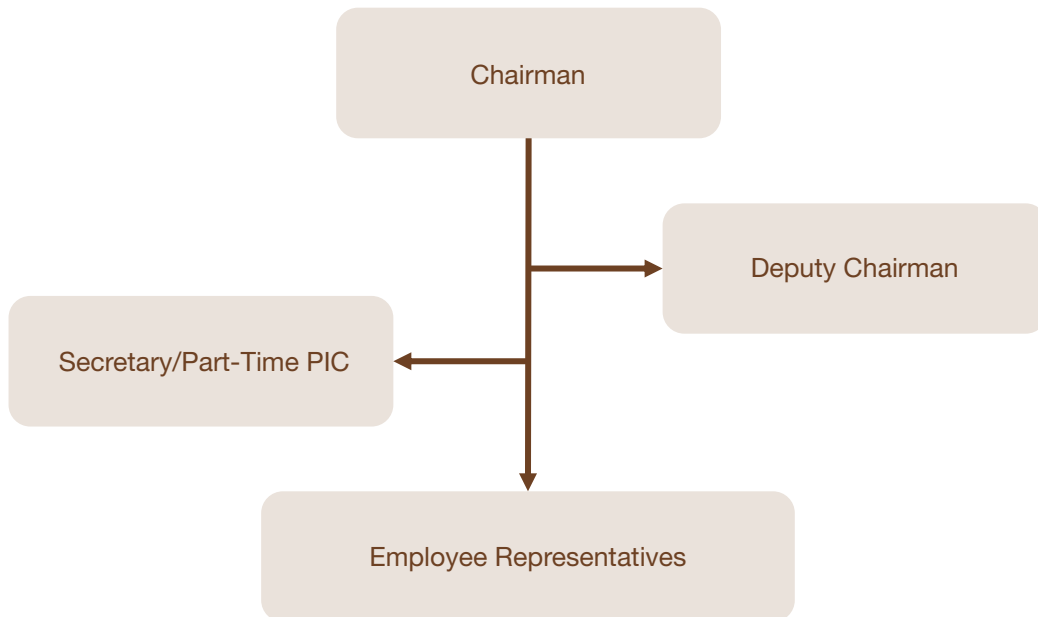
**Occupational Health and Safety (Cont'd)**

**Safety Management (Cont'd)**

WHD established a comprehensive set of Occupational Health and Safety (“OHS”) Policies and Procedures to guide our operations and ensure adherence to the highest workplace safety standards.

WHD's OHS Policies and Procedures	
<ul style="list-style-type: none"> <li>• Accident Investigation Procedure</li> <li>• Chemical Storage and Handling Procedure</li> <li>• Fire Fighting Procedure</li> <li>• First Aid Replacement Procedure</li> <li>• Electrical Safety Inspection Policy and Procedure</li> <li>• Handling Glass and Hard Clear Plastic Breakages Cleaning Procedure</li> <li>• Noise and Light Control Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Health, Safety and Environment Policy</li> <li>• Hot Work Policy</li> <li>• Machine Safety Guard Policy</li> <li>• Policy on Safe Drinking Water</li> <li>• Workplace Housekeeping Policy and Procedure</li> <li>• Personal Protective Equipment Management Procedure</li> <li>• Work Instruction for Using Forklift</li> </ul>

**OHS Committee Structure**



SGL and WHD established an OHS Committee headed by the Chairman that meets bimonthly. The committee, comprising safety officers and employee representatives, has a range of responsibilities including developing guidelines and procedures, conducting health protection facility inspections, providing protective equipment and educating employees in OHS issues.

SUSTAINABILITY STATEMENT  
(CONT'D)

**Occupational Health and Safety (Cont'd)**

**Safety Management (Cont'd)**

SGL and WHD implemented strict OHS management systems to prevent workplace accidents and promote employee well-being. These systems prioritise critical areas and assign risk levels to each identified risk, enabling us to focus our efforts effectively. Our most critical OHS risks include:

- Accident and Incident Reporting
- Emergency Rescue Plans
- Emergency Response Plans
- Fire Prevention
- Hazardous Material Management
- Healthcare and Hygiene
- Health Protection System for Pregnant & Breastfeeding Workers and other Female Employees
- Heatstroke Prevention
- Monitoring & Detection of Disease and Safety Hazards
- Noise Control
- Occupational Health Conditions
- OHS Discipline Programme
- OHS Reporting Procedure
- Proper Waste Disposal
- Roles and Responsibilities of Management, Employees and Contractors in OHS Matters
- Safety Audits

WHD utilises a Risk Assessment Management System to formalise the Hazard Identification, Risk Assessment and Risk Control (“**HIRARC**”) process. The OHS Committee oversees this biannual exercise conducted by Safety Officers and a Health, Safety, and Environment team. Identified risks are categorised by severity and likelihood of occurrence in risk registers, and mitigation controls are developed accordingly.



Similarly, our Administrative Department conducts annual risk assessments supplemented by periodic evaluations to assess Occupational Disease and Hazard Factors at SGL. We prioritise efforts based on assigned risk levels and develop corrective action plans to mitigate or eliminate risks.

SUSTAINABILITY STATEMENT  
(CONT'D)

**Occupational Health and Safety (Cont'd)**

**Safety Training**

To ensure that employees are updated with the latest OHS best practices and industry standards, SGL and WHD offer OHS training programmes. New employees receive safety training on a regular basis.

OHS Training Programmes			
SGL		WHD	
Programme	No. of attendees	Programme	No. of attendees
Fire Safety	427	Fire Evacuation Drill	3,572
Occupational Health Training	137	Orientation Training	829
Basic Knowledge of Safety Production & Operation Skills	136	The Rights & Benefits and Health, Food, Hygiene Awareness for Pregnant Employee	144
Risk Identification & Hazards Source Management	127	Chemical Safe Handling and Spillage Training	94
Company Safety Production Rules & Regulation	124	Firefighting Training	85
Equipment Operation & Maintenance	117	PPE Training	79
Accident Reporting, Investigation & Handling Training	114	Environment Training	61
Safety Culture Construction	111	First Aid Refresher Training	42
Emergency Rescue	104	Forklift Safety	28
Field Management Training	95	Safety High and Hot Work	13
Work Safety Laws & Regulations	88	Electrical Safety	11
Forklift Safety Training	8	Machinery Training	10
		Lockout/Tagout (LOTO) Training	7



SGL Forklift Safety Training



SGL Firefighting Training



SGL Fire Drill



WHD Forklift Safety Training



WHD Firefighting Training



WHD Fire Drill



SUSTAINABILITY STATEMENT  
(CONT'D)

**Occupational Health and Safety (Cont'd)**

**Safety Training (Cont'd)**

PCCS' subsidiaries have formal procedures to resolve workplace accidents. SGL generates an incident report and conducts an accident investigation and WHD investigates reported accidents under its Accident Investigation Policy. The policy requires all incidents to be reported and investigated, with an incident report outlining corrective measures.

We achieved the target of **zero (0)** fatalities in FY2023, out of a total of **6,371,301 manhours** worked across our subsidiaries. SGL reported **zero (0)** work-related injuries and ill-health cases, while WHD recorded **three (3)** work-related injuries and **7,715** recordable cases of ill-health. As a result of our drive to promote a safe and healthy work environment our Lost Time Incident Rate reduced to **0.09**.

	FY2021	FY2022	FY2023
Total work-hours recorded	5,221,066	5,491,150	6,371,301
Total number of work-related fatalities	0	0	0
Total number of recordable work-related injuries	4	4	3
Total number of work-related ill health	4,907	3,870	7,715
Lost Time Incident Rate ("LTIR")	0.15	0.15	0.09

**6,371,301**

Total manhours worked Group-wide



Lost time Injury Rate reduced to


**0.09** ↓



**Human Rights and Labour Standards**

We are dedicated to maintaining the highest standards of human rights and labour practices. Prioritising human rights not only reflects our values, but also contributes to a productive and engaged workforce that is vital for the continued success of our business. In this regard, we are committed to the following local laws and regulations in the countries where we operate.

Malaysia	China	Cambodia
Employment Act 1995	Labour Contract Law	Labour Law 1997



cases of non-compliance risk Group-wide

cases of discrimination or harassment Group-wide

cases of child or forced labour Group-wide

SUSTAINABILITY STATEMENT  
(CONT'D)

**Human Rights and Labour Standards (Cont'd)**

**SGL**

Compliance with labour laws is a priority for our business operations in China. To ensure we remain compliant with applicable labour laws, the Labour Department conducts annual audits and recorded **zero (0)** non-compliance risks in FY2023. Furthermore, we believe in providing our employees with a safe and respectful workplace, and our suggestion boxes and grievance handling procedures allow them to communicate any concerns regarding workplace conditions and compensation without fear of harassment, intimidation or reprisal. In FY 2023, we recorded **zero (0)** incidents of discrimination or harassment and **zero (0)** instances of child or forced labour within our value chain.

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	Protects 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 hour highlighted in applicable laws and regulations.

**WHD**

WHD respects and promotes human rights in all aspects of our business, in line with the UN Guiding Principles on Business and Human Rights. We conduct due diligence to identify and prevent human rights risks throughout our value chain to ensure fair and equitable remediation in the event of any violations. Our Human Rights Policy prohibits discrimination, forced or involuntary labour, human trafficking, child labour, harassment or abuse and ensures fair wages, benefits, and working hours. We also uphold the freedom of association and collective bargaining and have strict anti-bribery policies in place. Our commitment extends to promoting health and safety and protecting the environment. We established mechanisms for remediation, grievance and dispute resolution, and are dedicated to addressing any issues that may arise.

Moreover, WHD is dedicated to maintaining a harassment-free workplace where everyone is treated with respect and consideration, regardless of their race, sex, religious beliefs, disability, political tendency, social status or wealth. To achieve this, we implemented an Anti-Harassment Policy that defines and addresses the various forms of harassment, including physical, verbal, sexual, visual, non-verbal and written. Our Anti-Harassment Policy is reinforced by other policies and procedures including:

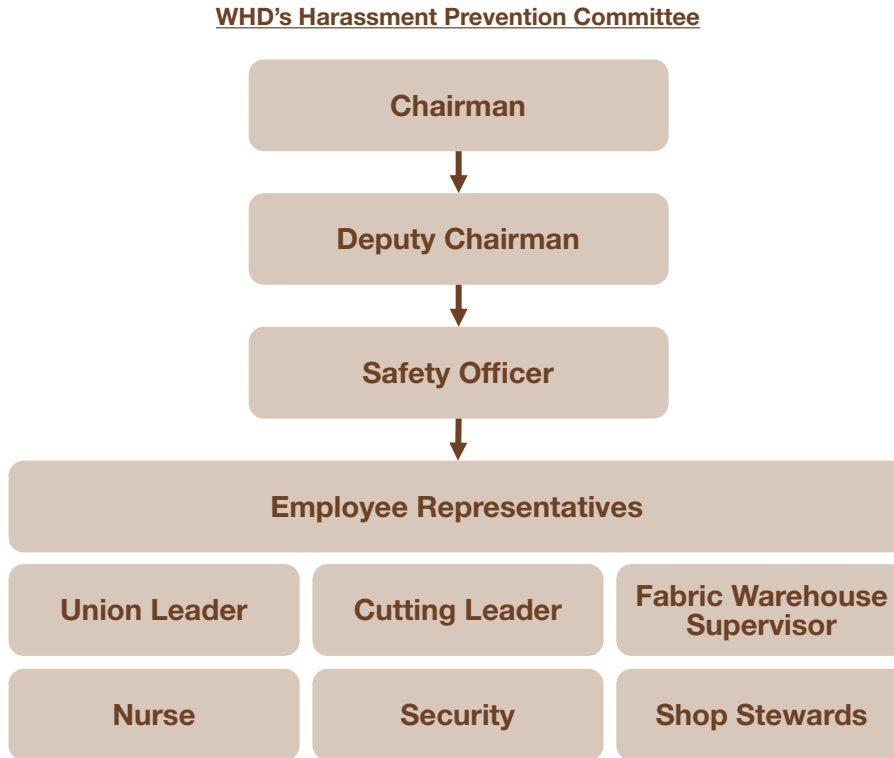
• Internal Rules and Regulation	• Grievance Policies and Procedures
• Anti-Discrimination Policies	• Worker Handbook
• Freedom of Association	

SUSTAINABILITY STATEMENT  
(CONT'D)

**Human Rights and Labour Standards (Cont'd)**

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**WHD (Cont'd)**



We established a Harassment Prevention Committee to ensure adherence to our policies and handle any issues that arise. There were **zero (0)** recorded incidents of discrimination or harassment in FY2023, and we can confidently affirm that our value chain was free from any instances of child or forced labour.

Our Collective Bargaining Agreement (“**CBA**”) outlines several key aspects related to employee rights and benefits, helping to ensure fair treatment and adequate compensation for all employees covered under the CBA. These aspects include:

- Stipulates the payment of wages during maternity leave
- Provides deduction and lunch allowance
- Outlines procedures for settling individual and collective labour disputes
- Outlines procedures for handling strikes and lockouts

To promote open communication and employee engagement, WHD also implemented a Suggestion Box Opening Policy and a Grievance Procedure that allow employees to anonymously raise concerns or provide their names. Each week, the HR staff and members of the Grievance Handling Committee review the suggestions, and any raised concerns undergo a detailed investigation by the committee, ensuring that every issue is addressed promptly and appropriately. Confidentiality is maintained throughout the process which enables employees to freely express their concerns. In FY2023, we received **sixteen (16)** feedbacks, and took the necessary actions to address the issues raised.

We provided training on our Anti-Harassment Policies and Procedures, as well as our Grievance Policy and Procedure, to our employees in FY2023 to ensure they were aware of our policies and procedures and knew how to report any issues.

SUSTAINABILITY STATEMENT  
(CONT'D)

**Human Rights and Labour Standards (Cont'd)**

**WHD (Cont'd)**

WHD	
Training Programme	No. of attendees
Anti-Harassment Policies and Procedure Training	2,082
Grievance Policy and Procedure Training	2,013

**Customer Privacy and Data Protection**

We understand the significance of protecting customer privacy and data to maintain customer trust and ensure uninterrupted business operations. To reduce the risk of data leaks and breaches, we regularly update and maintain our software and firewall systems in compliance with the regulatory requirements of the countries where we operate.

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

**Zero**  
breaches and leaks  
of customer data



Our Group-wide Data Policy governs the management of customer data, including the procedures for accessing and storing data while ensuring its privacy and security. To prevent data mismanagement, only authorised personnel can access customer data.

In the event of a data breach, we established an internal investigation process led by the Management and Management Information System Department, guided by our subsidiary's Management Information System Control procedures. There were **zero (0)** recorded incidents of customer data breaches and leaks in FY2023.

**Product Quality and Innovation**

Product Quality and Innovation are integral to our operations. We are dedicated to providing our customers with high-quality products which is why we implemented strict internal controls and inspections, overseen by our Quality Assurance Department. All finished goods undergo inspection by a Quality Controller before delivery, ensuring that customers receive only the best products. Additionally, we continuously invest in new machinery to increase productivity and keep up with industry-wide innovation in the medium to long term. The Group enacts stringent measures to deliver products with accurate labelling, and we are pleased to report that there have been no incidents of product mislabelling recorded in the past year.

**Zero**  
mislabelling incidents

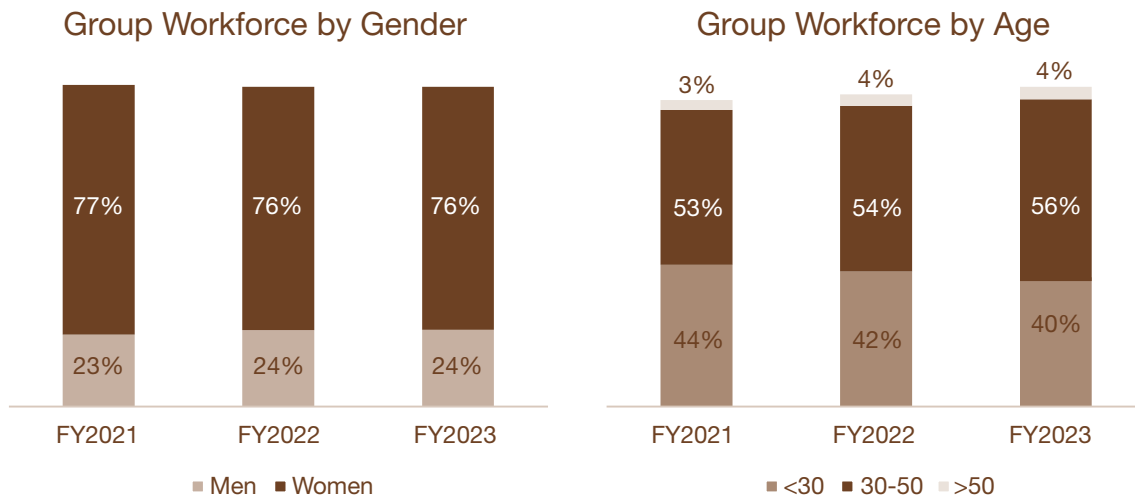


SUSTAINABILITY STATEMENT  
(CONT'D)

**Talent Attraction and Retention**

**Diversity and Inclusivity**

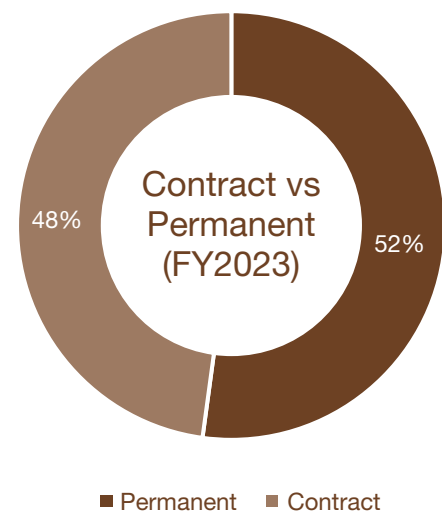
Diversity and inclusivity are essential values that PCCS upholds in our operations. As of FY2023, our total headcount across both subsidiaries is **2,404**.



We encourage gender diversity in the workplace, as reflected by the fact that 76% of our employees are female. In terms of demographic diversity, 56% of our employees are between 30 and 50 years old, while 40% are under 30 years old, reflecting a variety of experiences and perspectives.

Group Workforce by Employee Category	FY2021	FY2022	FY2023
Senior Management	5	5	5
Management	31	30	35
Executive	197	187	189
Non-Executive	2,089	2,074	2,175

During FY2023, the Group's workforce consisted of 52% permanent employees and 48% contract employees. We hold the view that employing a combination of permanent and contract employees is essential to our success as it enables us to meet the needs of our business while providing valuable employment opportunities to individuals seeking both short-term and long-term work arrangements.

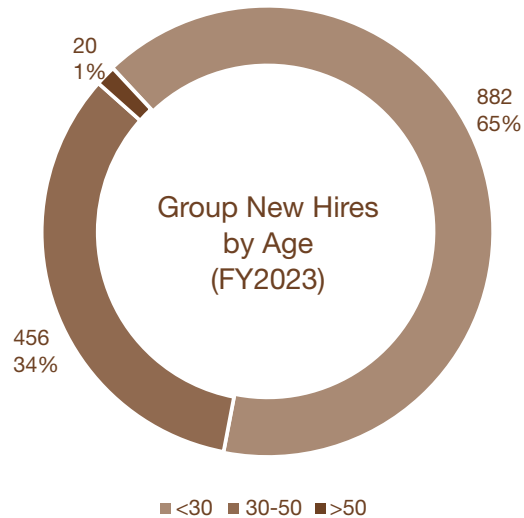
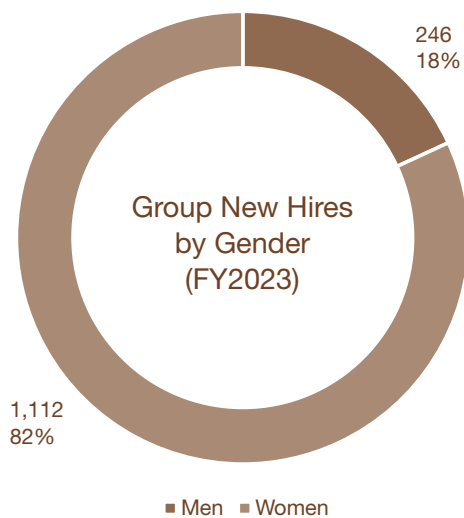
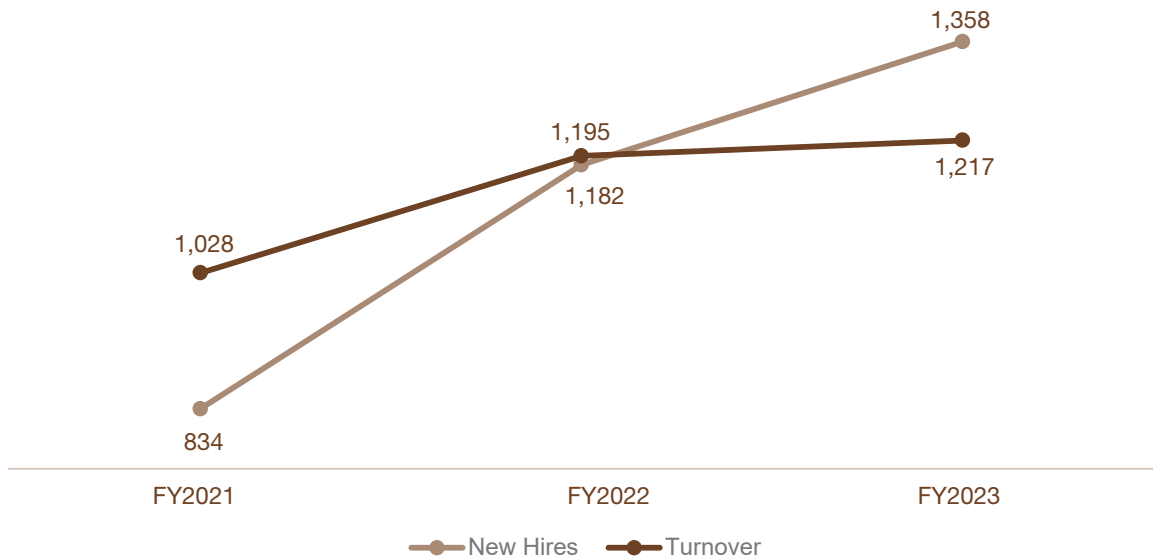


**Talent Attraction and Retention (Cont'd)**

**New Hires and Turnover**

In FY2023, we experienced a net increase in our workforce, driven by **1,358** new hires and **1,217** turnovers. This increase in staff was largely facilitated by the lifting of movement restrictions in our countries of operations. With the easing of these restrictions, we were able to focus on talent retention and recruitment.

Group Employee New Hire and Turnover



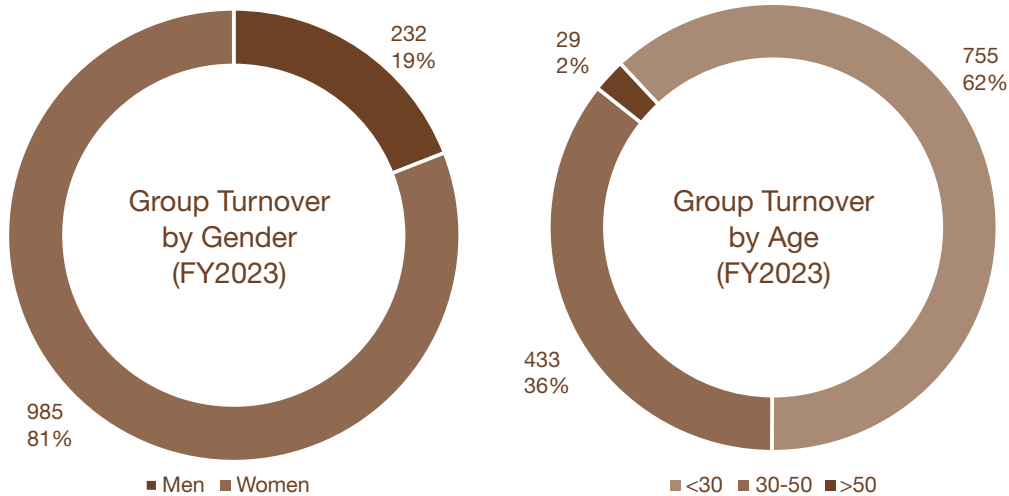
Among the new hires, 18% were men and 82% were women. In terms of age, 65% were below 30 years old, 34% were aged between 30 and 50, and only 1% were over 50.

SUSTAINABILITY STATEMENT  
(CONT'D)

**Talent Attraction and Retention (Cont'd)**

**New Hires and Turnover (Cont'd)**

In contrast, turnover comprised 19% men and 81% women, with 62% below 30 years old, 36% aged between 30 and 50, and 2% over 50 years old.



Group Turnover by Employee Category	FY2021	FY2022	FY2023
Senior Management	0	0	1
Management	4	2	2
Executive	29	35	26
Non-Executive	995	1,158	1,188

**Compensation and Benefits**

We believe in providing fair and equitable compensation and benefits to all our employees, regardless of their gender or any other personal characteristic. Therefore, we provide various employee benefits including:

Employee Benefits	
SGL	WHD
<ul style="list-style-type: none"> <li>Health Care (Medical outpatient benefits)</li> <li>Disability and invalidity coverage</li> <li>Parental leave</li> <li>Retirement provision</li> <li>Annual leave</li> </ul>	<ul style="list-style-type: none"> <li>Health Care (Medical outpatient benefits)</li> <li>Disability and invalidity coverage</li> <li>Parental leave</li> <li>Retirement provision</li> <li>Annual leave</li> <li>Stock ownership</li> </ul>

The Group fully supports family planning and working mothers by offering parental leave and benefits, as well as breastfeeding facilities. We take pride in our Pregnant Employee Policy at WHD which outlines our commitment to ensuring that pregnant employees are provided with a safe and supportive work environment.

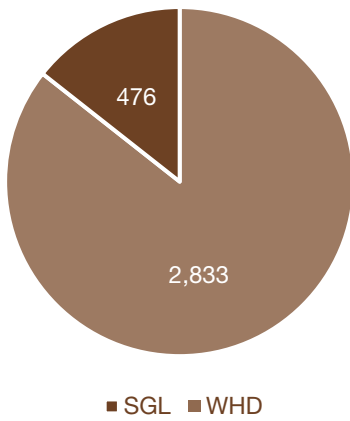
Group Parental Leave in FY2023	Men	Women
Number of employees that took Parental Leave	0	99
Number of employees that returned after Parental Leave	0	41
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1	72

**Talent Attraction and Retention (Cont'd)**

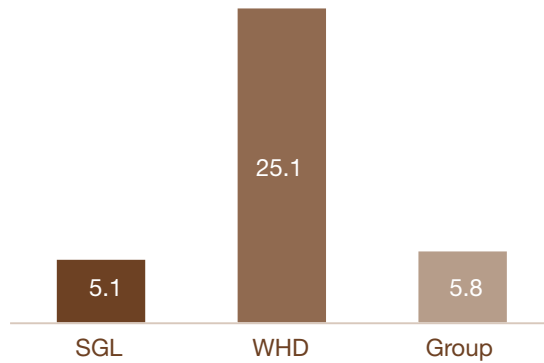
**Training and Development**

Training and development are essential components for building a sustainable workforce. We recognise the importance of providing opportunities for our employees to learn, grow and develop new skills at PCCS. In FY2023, we invested a total of **3,309 hours** in training and development across our Group.

**Total Training Hours (FY2023)**

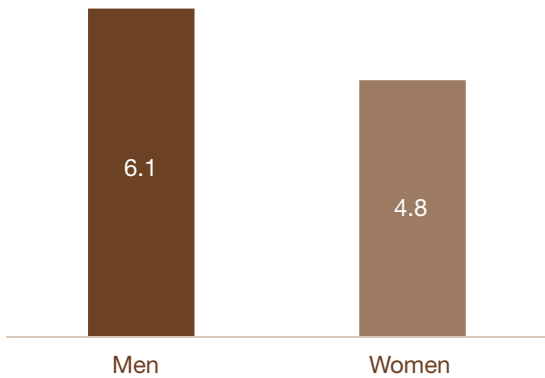


**Average Training Hours per Employee (FY2023)**

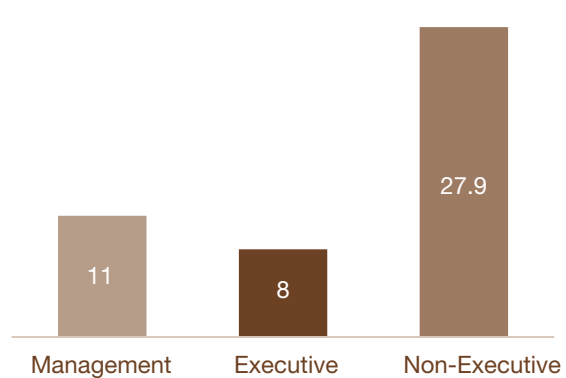


Our breakdown illustrates that **2,833 hours** were dedicated to SGL employee training and **476 hours** were spent on WHD employee training. Our SGL employees received **5.1 hours** of training per employee while WHD employees received **25.1 hours** per employee. Overall, the average training hours per employee in our Group were **5.8 hours**.

**Group Average Training Hours by Gender (FY2023)**



**WHD Average Training Hours by Employee Category (FY2023)**



On average, our female employees received **4.8 hours** of training and our male employees received **6.1 hours** of training. Within our WHD employee category, management received an average of **11 hours** of training, executives averaged **8 hours**, and non-executives averaged **27.9 hours** of training.



SUSTAINABILITY STATEMENT  
(CONT'D)

**Talent Attraction and Retention (Cont'd)**

**Employee Engagement**



In FY2023, SGL celebrated its 50<sup>th</sup> Anniversary Dinner which included a Long Service Award to recognise employees who have been with the company for many years. This celebration highlights SGL’s commitment to engaging and recognising its employees, who are a valuable asset to the company’s success. SGL supports and values its employees by fostering a positive work culture through events like this.

**Community Engagement**

**Fostering Community Through Sport**



In FY2023, PCCS contributed **RM 33,830** to the Batu Pahat Basketball Association to support the refurbishment of their building. PCCS sponsored an additional **RM 6,000** towards the 25<sup>th</sup> PCCS Cup, a basketball tournament held from 10 April 2023 to 14 May 2023.

## SUSTAINABILITY STATEMENT (CONT'D)

### Community Engagement (Cont'd)

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#### Illuminating Pathways: Empowering Education through Our Donation to Tzu Chi Malaysia



We are delighted to share our recent donation of **RM 10,000** to Tzu Chi Malaysia, a prominent charitable organisation dedicated to providing underprivileged children with access to education. By contributing to their educational initiatives, we aim to empower deserving children and create opportunities for a brighter future. Our donation serves as a testament to our commitment to supporting education and making a meaningful impact in the community.

#### Lifeblood in Unity: PCCS Blood Donation Campaign with Hospital Sultanah Nora Ismail



In FY2023, PCCS organised a successful blood donation campaign in collaboration with Hospital Sultanah Nora Ismail in Batu Pahat. The collective effort of **159** donors exemplifies the remarkable strength that emerges when a community unites for a common cause. Each blood donation has the potential to save up to three (3) lives, meaning our campaign could potentially impact over 450 lives.

SUSTAINABILITY STATEMENT  
 (CONT'D)

Community Engagement (Cont'd)

**Nurturing Bright Futures: PCCS' Environmental Awareness Campaign in Cambodia**



In a meaningful community initiative led by PCCS's subsidiary, Beauty Silk Screen Limited, a charity donation and environmental awareness campaign were organised at Kiri Sokhom Primary School in Kampong Speu Province, Cambodia. The campaign focused in raising awareness about hygiene and environmental issues, encouraging students and teachers to clean and care for their surroundings.



Additionally, in response to the school's needs, PCCS donated **two (2)** sets of solar lights, **two (2)** sets of tables and benches, **two (2)** blackboards, **ten (10)** garbage bins, a filing cabinet, and backpacks and stationery for **108** students and teachers. This initiative aimed to empower the school community and create a conducive learning environment for a brighter future.

## SUSTAINABILITY STATEMENT (CONT'D)

### Community Engagement (Cont'd)

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#### Driving Safer Futures for our Employees



PCCS recognises the importance of engaging with local communities to create a positive impact. In September 2022, we partnered with the AIP Foundation to launch a project funded by USAID aimed at **promoting commuting safety for Cambodian workers**. The project included training for all employees on traffic laws, safe driving practices and practical driving exercises. Additionally, during lunch breaks, employees participated in a Q&A game, with prizes awarded to the winners. By working together with community partners, PCCS aims to promote safety and well-being not only for our employees but for the broader community.

### CLOSING STATEMENT

At PCCS, we prioritise ethical and responsible business practises. To uphold these values and comply with regulatory laws in the countries where we operate, we have implemented a comprehensive governance framework, policies and procedures. We commit to maintaining environmental sustainability by managing resources, energy, waste and effluents sustainably and efficiently. We dedicate ourselves to reducing our environmental footprint while improving our energy performance. We also foster the highest standards of human rights and labour practises, placing the welfare of our employees, customers, supply chain and local communities at the forefront of our operations. We will remain steadfast in our commitment to sustainability and responsible business practises, and continue to work towards elevating our position as a responsible corporate citizen.

## SUSTAINABILITY STATEMENT (CONT'D)

### GRI CONTENT INDEX

<b>Statement of use</b>	PCCS Group Bhd has reported the information cited in this GRI content index for the period 1 April 2022 to 31 March 2023 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION (PAGE)</b>
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	68
	2-2 Entities included in the organisation's sustainability reporting	68
	2-3 Reporting period, frequency and contact point	68, 70
	2-5 External assurance	70
	2-6 Activities, value chain and other business relationships	68
	2-7 Employees	108
	2-8 Workers who are not employees	108
	2-9 Governance structure and composition	75
	2-10 Nomination and selection of the highest governance body	85
	2-11 Chair of the highest governance body	75
	2-12 Role of the highest governance body in overseeing the management of impacts	75
	2-13 Delegation of responsibility for managing impacts	75
	2-14 Role of the highest governance body in sustainability reporting	75
	2-16 Communication of critical concerns	85
	2-17 Collective knowledge of the highest governance body	75
	2-18 Evaluation of the performance of the highest governance body	85
	2-19 Remuneration policies	85
	2-20 Process to determine remuneration	85
	2-22 Statement on sustainable development strategy	73
	2-23 Policy commitments	76, 85, 87, 100, 104
	2-24 Embedding policy commitments	76, 85, 87, 100, 104
	2-25 Processes to remediate negative impacts	85, 104
	2-26 Mechanisms for seeking advice and raising concerns	85, 104
	2-27 Compliance with laws and regulations	84, 95, 99, 100, 104, 107
	2-28 Membership associations	70
	2-29 Approach to stakeholder engagement	79
	2-30 Collective bargaining agreements	85, 104

SUSTAINABILITY STATEMENT  
(CONT'D)

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	80
	3-2 List of material topics	82
	3-3 Management of material topics	Throughout
<b>GRI 201: Economic Performance 2016</b>	201-2 Financial implications and other risks and opportunities due to climate change	77
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	86
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	85
	205-2 Communication and training about anti-corruption policies and procedures	85
	205-3 Confirmed incidents of corruption and actions taken	85
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	98
	301-2 Recycled input materials used	98
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	88
	302-2 Energy consumption outside of the organisation	93
	302-3 Energy intensity	93
	302-4 Reduction of energy consumption	87
	302-5 Reductions in energy requirements of products and services	93
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	98
	303-2 Management of water discharge-related impacts	99
	303-3 Water withdrawal	98
	303-4 Water discharge	98
	303-5 Water consumption	98
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	91
	305-2 Energy indirect (Scope 2) GHG emissions	92
	305-3 Other indirect (Scope 3) GHG emissions	93
	305-4 GHG emissions intensity	93
	305-5 Reduction of GHG emissions	90
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	95
	306-2 Management of significant waste-related impacts	95
	306-3 Waste generated	95
	306-4 Waste diverted from disposal	95
	306-5 Waste directed to disposal	95
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	108
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	108
	401-3 Parental leave	108

## SUSTAINABILITY STATEMENT

(CONT'D)

<b>GRI STANDARD</b>	<b>DISCLOSURE</b>	<b>LOCATION (PAGE)</b>
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	100
	403-2 Hazard identification, risk assessment, and incident investigation	100
	403-3 Occupational health services	100
	403-4 Worker participation, consultation, and communication on occupational health and safety	100
	403-5 Worker training on occupational health and safety	100
	403-6 Promotion of worker health	100
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	100
	403-8 Workers covered by an occupational health and safety management system	100
	403-9 Work-related injuries	100
	403-10 Work-related ill health	100
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	108
	404-2 Programmes for upgrading employee skills and transition assistance programs	108
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	108
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	104
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	104
<b>GRI 408: Child Labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	104
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	104
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programmes	112
	413-2 Operations with significant actual and potential negative impacts on local communities	112
<b>GRI 417: Marketing and Labelling 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labelling	107
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	107

# FINANCIAL STATEMENTS

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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 2023.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries include manufacturing and sale of apparels, manufacturing of embroidery, seamless bond, sublimation and silk screen products, provision of agency, handling and design services for garments, trading of garments, labels and stickers, financial leasing activities, research and development, manufacturing, import and export of medical and healthcare products, wholesale of medical, professional, scientific and precision equipment and investment holding.

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the financial year		
- Continuing operations	7,323	7,311
- Discontinued operations	6,018	-
	<hr/> 13,341	<hr/> 7,311
Attributable to:		
Owners of the Company	16,333	7,311
Non-controlling interests	(2,992)	-
	<hr/> 13,341	<hr/> 7,311

## DIVIDENDS

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

	<b>RM'000</b>
Single tier special dividend of RM0.06 per ordinary share in respect of the financial year ended 31 March 2023, paid on 29 November 2022	<hr/> 13,230

The directors do not recommend the payment of the final dividend in respect of the financial year ended 31 March 2023.

## 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 there were no known bad debts 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 it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements 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.

### AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company during the financial year were RM397,000 and RM113,000 respectively.

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

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) issued 2,485,600 new ordinary shares pursuant to the exercise of the Company's Employee's Share Option Scheme ("ESOS") amounting to RM1,449,380; and
- (ii) issued 5,564,900 new ordinary shares pursuant to the exercise of warrants at the exercise price of RM0.60 per warrant.

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.

### TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company purchased 2,430,900 of its ordinary shares from the open market at prices ranging from RM0.43 to RM0.50 per share. The total consideration paid for the purchase was RM1,161,000 including transaction costs.

As at 31 March 2023, the Company held 2,430,900 treasury shares out of its 223,021,000 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,161,000.

DIRECTORS' REPORT  
(CONT'D)

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

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

Option price	Balance as at 1.4.2022	Granted	Exercised	Balance as at 31.3.2023	Exercisable as at 31.3.2023
RM0.46	1,920,600	–	(1,500,600)	420,000	420,000
RM0.39	–	1,285,000	(985,000)	300,000	300,000
	1,920,600	1,285,000	(2,485,600)	720,000	720,000

### 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.

Salient terms of the warrants are as follows:

- (i) Each warrant carries the entitlement to subscribe for 1 new share at any time on or after 26 December 2017 to 25 December 2022, at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
- (ii) The warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (iii) The expiry date of the warrants is the day falling 5 years from and including the date of issue of the warrants, and if such date is not a market day, then on the preceding market day.
- (iv) For the purpose of trading on Bursa Securities, 1 board lot of warrants shall comprise 100 warrants carrying the rights to subscribe for 100 new shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.

## DIRECTORS' REPORT (CONT'D)

### WARRANTS (CONT'D)

Salient terms of the warrants are as follows: (Cont'd)

- (v) The new shares issued pursuant to the exercise of the warrants are not entitled to any dividends, rights, allotments and/or distributions. The warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the warrant holders become shareholders of the Company by exercising their warrants into new shares.
- (vi) The Deed Poll and accordingly the warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

As at the end of the financial year, the movement in the Group's number of shares under warrants are as follows:

	2017/2022			31.3.2023
	Number of warrants of RM0.60 each			
	1.4.2022	Exercise	Lapsed	
	Unit	Unit	Unit	Unit
	'000	'000	'000	'000
Number of unissued shares under warrants	90,018	(5,565)	(84,453)	–

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

(Appointed on 1 September 2022)  
 (Resigned on 26 May 2023)  
 (Resigned on 26 May 2023)

\* 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  
 Lim Hock Beng  
 Chen TianSheng  
 Tang Lai Huat  
 Shi XiaoQun  
 Wang WenJun  
 Hooi Toong Wan  
 See Kok Wah  
 Daniel Pua Kian Boon  
 Sim Sian Ling  
 Ong Hwee Mean

DIRECTORS' REPORT  
(CONT'D)

## 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 2022	Number of ordinary shares		At 31 March 2023
		Bought	Sold/ Transferred	
<b>Direct interests:</b>				
Chan Choo Sing	8,376,102	–	–	8,376,102
Chan Chow Tek	9,596,142	1,940,000	–	11,536,142
Dato' Chan Chor Ngiak	4,847,960	312,000	(70,934)	5,089,026
Chan Chor Ang	4,407,969	200,000	–	4,607,969
Chan Wee Kiang	2,211,964	–	–	2,211,964
Piong Yew Peng	50,000	200,000	–	250,000
Julian Lim Wee Liang	50,000	200,000	–	250,000
Chan Wee Boon	100,000	340,000	–	440,000
Joyce Wong Ai May	–	60,000	–	60,000
<b>Indirect interests:</b>				
Chan Choo Sing *#	92,912,328	1,337,700	–	94,250,028
Dato' Chan Chor Ngiak #	4,665	–	–	4,665
Chan Chor Ang #	100,000	–	–	100,000
Chan Wee Kiang*	91,290,228	1,057,700	–	92,347,928

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

# Shares held through spouse

	At 1 April 2022	Number of Warrant 2017/2022		At 31 March 2023
		Bought	Lapsed	
<b>Direct interest:</b>				
Dato' Chan Chor Ngiak	30,400	–	(30,400)	–
<b>Indirect interests:</b>				
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)	–

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS (CONT'D)

	At 1 April 2022	Number of ESOS		At 31 March 2023
		Granted	Exercised	
<b>Direct interests:</b>				
Chan Choo Sing	210,000	130,000	–	340,000
Julian Lim Wee Liang	140,000	60,000	(200,000)	–
Piong Yew Peng	140,000	60,000	(200,000)	–
Chan Wee Kiang	210,000	130,000	–	340,000
Chan Wee Boon	210,000	130,000	(340,000)	–
Chan Chow Tek	–	60,000	(60,000)	–
Dato' Chan Chor Ngiak	160,000	80,000	(240,000)	–
Chan Chor Ang	140,000	60,000	(200,000)	–
Joyce Wong Ai May	–	60,000	(60,000)	–

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' 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:

	2023	
	Group RM'000	Company RM'000
<b>Directors of the Company</b>		
- Fees	562	562
- Other emoluments	2,955	120
	3,517	682
<b>Directors of subsidiaries</b>		
- Other emoluments	309	–
	3,826	682

**DIRECTORS' REPORT**  
**(CONT'D)**

**DIRECTORS' BENEFITS**

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 RM4,500 respectively.

**SUBSIDIARIES**

The details of the Company's subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%)	
			2023	2022
<b>Subsidiaries of the Company</b>				
La Prima Medtech Sdn. Bhd.	Malaysia	Research and development, manufacturing, import and export of medical and healthcare product	100	100
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Keza Sdn. Bhd.	Malaysia	Investment holding	100	100
Mega Labels & Stickers Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Mega Label (Malaysia) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	–	100
Thirty Three Trading Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
PCCS Garments Ltd.	Cambodia	Temporarily ceased operations	100	100
JIT Textiles Ltd.	Cambodia	Temporarily ceased operations	100	100
Beauty Apparels (Cambodia) Ltd.	Cambodia	Temporarily ceased operations	100	100



## DIRECTORS' REPORT (CONT'D)

### SUBSIDIARIES (CONT'D)

The details of the Company's subsidiaries are as follows: (Cont'd)

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%)	
			2023	2022
<b>Subsidiaries of the Company (Cont'd)</b>				
Perfect Seamless Garments (Cambodia) Ltd.	Cambodia	Manufacturing of seamless bond and silk screen products	100	100
PCCS Garments (Suzhou) Ltd.	The People's Republic of China	Manufacturing and sale of apparels	100	100
PCCS (Hong Kong) Ltd.	Hong Kong	Provision of agency and handling services and manufacturing and trading of garments	100	100
Thirty Three (Hong Kong) Ltd.	Hong Kong	Investment holding	100	100
La Prima Medicare Pte. Ltd.	Singapore	Wholesale of medical, professional, scientific and precision equipment.	70	70
Southern Auto Capital Sdn. Bhd.	Malaysia	Financial leasing activities	80	80
Beauty Silk Screen (M) Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
<b>Subsidiary of Mega Label (Malaysia) Sdn. Bhd.</b>				
Mega Label (Penang) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	–	51
<b>Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.</b>				
JIT Embroidery Ltd.	Cambodia	Temporarily ceased operations	–	100
<b>Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.</b>				
Beauty Silk Screen Ltd.	Cambodia	Manufacturing of embroidery, sublimation and silk screen products	100	100

DIRECTORS' REPORT  
(CONT'D)

**SUBSIDIARIES (CONT'D)**

The details of the Company's subsidiaries are as follows: (Cont'd)

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%)	
			2023	2022
<b>Subsidiary of PCCS Garments (Suzhou) Ltd.</b>				
PCCS Garments (Shandong) Ltd.	The People's Republic of China	Manufacturing and sale of apparels	51	51
<b>Subsidiary of PCCS (Hong Kong) Ltd.</b>				
Ample Apparels Ltd.	Hong Kong	Temporarily ceased operations	–	60
<b>Subsidiary of Thirty Three (Hong Kong) Ltd.</b>				
Thirty Three (Shanghai) Ltd.	The People's Republic of China	Trading of brand apparels and provide design service	100	100
<b>Subsidiary of Mega Labels &amp; Stickers Sdn. Bhd.</b>				
Mega Labels & Stickers (Cambodia) Co., Ltd.	Cambodia	Trading of labels and stickers	100	100
<b>Subsidiaries of Keza Sdn. Bhd.</b>				
Keza (Cambodia) Ltd.	Cambodia	Temporarily ceased operations	100	100
Wan He Da Manufacturing Company Ltd.	Cambodia	Provision of garment manufacturing and services	100	100
<b>Subsidiary of Wan He Da Manufacturing Company Ltd.</b>				
Thirty Three Apparels (Cambodia) Co., Ltd.	Cambodia	Provision of garment manufacturing and services	100	100



## DIRECTORS' REPORT (CONT'D)

### **SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

On 13 June 2023, the Company has subscribed for additional 18,800,000 ordinary shares, representing additional 15% equity interest in the share capital of a subsidiary, Southern Auto Capital Sdn. Bhd. ("SAC") by way of:

- (i) capitalising the amount owing by a subsidiary of RM18,000,000; and
- (ii) bonus issue of 800,000 new ordinary shares in SAC on the basis of one bonus share for every five existing ordinary shares held.

Upon the subscription, the equity interest of the Company in SAC has increased from 80% to 95%.

### **AUDITORS**

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

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

.....  
**CHAN WEE BOON**  
Director

.....  
**CHAN CHOW TEK**  
Director

Date: 21 July 2023

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	74,663	75,722	797	184
Investment properties	6	16,022	16,831	–	–
Intangible assets	7	14	13	–	–
Investment in subsidiaries	8	–	–	45,349	55,463
Lease receivables	9	26,060	7,975	–	–
Other receivables	11	–	–	20,380	–
Deferred tax assets	22	614	283	–	–
<b>Total non-current assets</b>		<b>117,373</b>	<b>100,824</b>	<b>66,526</b>	<b>55,647</b>
<b>Current assets</b>					
Inventories	10	58,486	95,221	–	–
Trade and other receivables	11	52,656	61,097	13,336	26,656
Lease receivables	9	4,756	1,151	–	–
Contract assets	12	1,868	1,965	–	–
Other current assets	13	6,960	4,726	36	39
Tax assets	14	105	–	–	57
Short-term funds	15	5,293	19,215	668	13,230
Deposits, cash and bank balances	16	60,618	35,075	21,777	12,057
		190,742	218,450	35,817	52,039
Assets of a disposal group classified as held for sale	17	–	75,313	–	–
<b>Total current assets</b>		<b>190,742</b>	<b>293,763</b>	<b>35,817</b>	<b>52,039</b>
<b>TOTAL ASSETS</b>		<b>308,115</b>	<b>394,587</b>	<b>102,343</b>	<b>107,686</b>

STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2023

(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	18	91,453	86,270	91,453	86,270
Treasury shares	19	(1,161)	–	(1,161)	–
Warrants reserve	20	–	6,383	–	6,383
Foreign exchange reserve	20	8,202	11,284	–	–
Legal reserve fund	20	3,890	3,890	–	–
Share option reserve	20	110	321	110	321
Retained earnings		64,912	55,821	5,846	5,777
		167,406	163,969	96,248	98,751
Non-controlling interests		2,241	5,336	–	–
<b>TOTAL EQUITY</b>		169,647	169,305	96,248	98,751
<b>Non-current liabilities</b>					
Loans and borrowings	21	9,039	9,192	469	–
<b>Total non-current liabilities</b>		9,039	9,192	469	–
<b>Current liabilities</b>					
Loans and borrowings	21	47,474	50,246	110	6
Trade and other payables	23	78,922	101,824	5,407	8,929
Tax liabilities		3,033	3,451	109	–
		129,429	155,521	5,626	8,935
Liabilities of a disposal group classified as held for sale	17	–	60,569	–	–
<b>Total current liabilities</b>		129,429	216,090	5,626	8,935
<b>TOTAL LIABILITIES</b>		138,468	225,282	6,095	8,935
<b>TOTAL EQUITY AND LIABILITIES</b>		308,115	394,587	102,343	107,686

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>					
Revenue	24	463,433	415,874	9,071	21,598
Cost of sales	25	(386,531)	(347,302)	-	-
<b>Gross profit</b>		76,902	68,572	9,071	21,598
Other income	26	7,585	4,597	1,974	508
Administrative expenses		(56,246)	(51,735)	(5,186)	(3,247)
Net reversal of impairment losses/(impairment losses) on:					
- trade and other receivables		7	-	(66)	(4,606)
- lease receivables		(1,919)	(241)	-	-
Selling and marketing expenses		(12,045)	(11,788)	-	-
Other expenses		-	-	-	(945)
		(70,203)	(63,764)	(5,252)	(8,798)
Profit from operations		14,284	9,405	5,793	13,308
Finance income	27	755	119	1,908	41
Finance costs	28	(4,804)	(2,762)	(6)	(2)
<b>Profit before tax</b>	29	10,235	6,762	7,695	13,347
Tax expense	31	(2,912)	(1,600)	(384)	(13)
<b>Profit for the financial year from continuing operations</b>		7,323	5,162	7,311	13,334
Profit/(Loss) for the financial year from discontinued operations, net of tax	17	6,018	(5,310)	-	-
<b>Profit/(Loss) for the financial year</b>		13,341	(148)	7,311	13,334
<b>Other comprehensive (loss)/income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(3,071)	2,726	-	-
<b>Total comprehensive income for the financial year</b>		10,270	2,578	7,311	13,334

STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company					
- From continuing operations		10,211	7,720	7,311	13,334
- From discontinued operations		6,122	(4,820)	-	-
		16,333	2,900	7,311	13,334
Non-controlling interests					
- From continuing operations		(2,888)	(2,558)	-	-
- From discontinued operations		(104)	(490)	-	-
		13,341	(148)	7,311	13,334
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company					
- From continuing operations		7,129	10,261	7,311	13,334
- From discontinued operations		6,122	(4,820)	-	-
		13,251	5,441	7,311	13,334
Non-controlling interests					
- From continuing operations		(2,877)	(2,373)	-	-
- From discontinued operations		(104)	(490)	-	-
		10,270	2,578	7,311	13,334
<b>Basic earnings/(loss) per share (sen):</b>					
	32				
- From continuing operations		4.66	3.60		
- From discontinued operations		2.79	(2.25)		
		7.45	1.35		
<b>Diluted earnings/(loss) per share (sen):</b>					
	32				
- From continuing operations		4.66	3.60		
- From discontinued operations		2.79	(2.25)		
		7.45	1.35		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Note	Attributable to owners of the Company										Total equity RM'000	
	Share capital RM'000	Treasury shares 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	Total equity RM'000		
<b>Group</b>												
<b>At 1 April 2022</b>	86,270	-	321	6,383	11,284	3,890	55,821	163,969	5,336	169,305		
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	-	16,333	16,333	(2,992)	13,341		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-		
Other comprehensive loss for the financial year	-	-	-	-	(3,082)	-	-	(3,082)	11	(3,071)		
<b>Total comprehensive income</b>	-	-	-	-	(3,082)	-	16,333	13,251	(2,981)	10,270		
<b>Transactions with owners</b>												
Issue of ordinary shares pursuant to:												
- ESOS	1,449	-	(380)	-	-	-	-	1,069	-	1,069		
- exercise of warrants	3,734	-	-	(395)	-	-	-	3,339	-	3,339		
Share option issued	-	-	169	-	-	-	-	169	-	169		
Lapsed warrants	-	-	-	(5,988)	-	-	5,988	-	-	-		
Dividend paid on shares	-	-	-	-	-	-	(13,230)	(13,230)	-	(13,230)		
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(114)	(114)		
Shares repurchased	-	(1,161)	-	-	-	-	-	(1,161)	-	(1,161)		
<b>Total transactions with owners</b>	5,183	(1,161)	(211)	(6,383)	-	-	(7,242)	(9,814)	(114)	(9,928)		
<b>At 31 March 2023</b>	91,453	(1,161)	110	-	8,202	3,890	64,912	167,406	2,241	169,647		



STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

(CONT'D)

Note	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	Total equity RM'000			
<b>Group</b>												
<b>At 1 April 2021</b>	84,709	846	6,383	8,743	3,006	56,479	160,166	6,268	166,434		166,434	
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	2,900	2,900	(3,048)	(148)		(148)	
Profit for the financial year	-	-	-	-	-	2,900	2,900	(3,048)	(148)		(148)	
Other comprehensive income for the financial year	-	-	-	2,541	-	-	2,541	185	2,726		2,726	
<b>Total comprehensive income</b>	-	-	-	2,541	-	2,900	5,441	(2,863)	2,578		2,578	
<b>Transactions with owners</b>												
Subscription of shares by non-controlling interests in a subsidiary	-	-	-	-	-	-	-	1,000	1,000		1,000	
Issue of ordinary shares pursuant to ESOS	1,561	(471)	-	-	-	-	1,090	-	1,090		1,090	
Share option issued	-	345	-	-	-	-	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)		(2,142)	
<b>Total transactions with owners</b>	1,561	(525)	-	-	884	(3,558)	(1,638)	1,931	293		293	
<b>At 31 March 2022</b>	86,270	321	6,383	11,284	3,890	55,821	163,969	5,336	169,305		169,305	

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023  
(CONT'D)

	← Attributable to owners of the Company →						Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total equity RM'000	
<b>Company</b>							
<b>At 1 April 2022</b>	86,270	-	321	6,383	5,777	98,751	
<b>Total comprehensive income for the financial year</b>	-	-	-	-	7,311	7,311	
Profit for the financial year, representing total comprehensive income							
<b>Transactions with owners</b>							
Issue of ordinary shares pursuant to:							
- ESOS	1,449	-	(380)	-	-	1,069	
- exercise of warrants	3,734	-	-	(395)	-	3,339	
Share option issued	-	-	169	-	-	169	
Lapsed warrants	-	-	-	(5,988)	5,988	-	
Dividends paid on shares	-	-	-	-	(13,230)	(13,230)	
Shares repurchased	-	(1,161)	-	-	-	(1,161)	
	5,183	(1,161)	(211)	(6,383)	(7,242)	(9,814)	
<b>At 31 March 2023</b>	91,453	(1,161)	110	-	5,846	96,248	

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023  
(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	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Company</b>						
<b>At 1 April 2021</b>	84,709	846	6,383	(5,415)	86,523	
<b>Total comprehensive income for the financial year</b>						
Profit for the financial year, representing total comprehensive income	-	-	-	13,334	13,334	
<b>Transactions with owners</b>						
Issue of ordinary shares pursuant to ESOS	1,561	(471)	-	-	1,090	
Share option issued	-	345	-	-	345	
Lapsed share options	-	(399)	-	-	(399)	
Dividends paid on shares	-	-	-	(2,142)	(2,142)	
Total transactions with owners	1,561	(525)	-	(2,142)	(1,106)	
<b>At 31 March 2022</b>	86,270	321	6,383	5,777	98,751	

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax					
- Continuing operations		10,235	6,762	7,695	13,347
- Discontinued operations	17(b)	6,018	(6,246)	-	-
		16,253	516	7,695	13,347
Adjustments for:					
Bad debts written off		-	12	-	-
Depreciation on property, plant and equipment		8,651	12,868	101	87
Depreciation on investment properties		880	847	-	-
Income distribution from short-term funds		(13)	(103)	(3)	(35)
Fair value gain on short-term funds		(171)	(117)	(39)	(68)
Gain on lease modification		(151)	-**	-	-
Gain on disposal of a subsidiary		(6,212)	-	(900)	-
Interest expense		5,436	4,530	6	2
Interest income		(769)	(169)	(1,908)	(41)
(Gain)/Loss on disposal of property, plant and equipment		(197)	258	(82)	-*
Net impairment losses/(reversal of impairment losses) on:					
- investment in subsidiaries		-	-	2,453	501
- property, plant and equipment		-	1,227	-	-
- lease receivables		1,919	241	-	-
- trade and other receivables		(7)	-	-	-
- amounts owing by subsidiaries		-	-	66	4,606
Inventories written back		(6)	(303)	-	-
Waiver of debts		(991)	-	-	-
Property, plant and equipment written off		-	5	-	-
Share-based payments		169	345	118	277
Unrealised (gain)/loss on foreign exchange		(2,815)	(831)	222	6
		5,723	18,810	34	5,335
<b>Operating cash flows before changes in working capital, carried forward</b>					
		21,976	19,326	7,729	18,682

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

\*\* represents the gain on lease modification of RM231.

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>					
(Cont'd)					
<b>Operating cash flows before changes in working capital, brought down</b>					
		21,976	19,326	7,729	18,682
Changes in working capital:					
Contract assets		97	(117)	–	–
Inventories		36,428	(30,437)	–	–
Other current assets		(3,458)	1,509	–	–
Lease receivables		(23,609)	(9,367)	–	–
Trade and other receivables		9,651	(13,466)	(19)	–
Trade and other payables		(23,984)	22,763	(3,050)	3,226
		(4,875)	(29,115)	(3,069)	3,226
<b>Net cash generated from/ (used in) operations</b>					
		17,101	(9,789)	4,660	21,908
Interest paid		(5,436)	(4,530)	(6)	(2)
Tax paid		(3,879)	(82)	(218)	(31)
<b>Net cash from/(used in) operating activities</b>					
		7,786	(14,401)	4,436	21,875
<b>Cash flows from investing activities</b>					
Income distribution from short-term funds					
		13	103	3	35
Interest received		769	169	1,908	41
Additional investment in subsidiaries		–	–	–*	(6,204)
Repayment of share capital in a subsidiary		–	–	–	12,500
Purchase of property, plant and equipment	5(a)	(5,333)	(5,918)	(186)	(20)
Additions of intangible assets		–	(13)	–	–
Net change in short-term funds	(c)	14,093	(6,153)	12,601	(6,574)
Disposal of a subsidiary, net of cash disposed		6,820	–	8,500	–
Proceeds from disposal of property, plant and equipment		282	316	155	–**
Advances to subsidiaries		–	–	(7,212)	(13,773)
<b>Net cash from/(used in) investing activities</b>					
		16,644	(11,496)	15,769	(13,995)

\* represents the investment in subsidiary of RM2.

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

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023  
(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from financing activities</b>	(a)				
Dividends paid to owners of the Company	33	(13,230)	(2,142)	(13,230)	(2,142)
Net drawdown of term loans		–	14,275	–	–
Proceeds from ordinary shares issued pursuant to:					
- ESOS		1,069	1,090	1,069	1,090
- exercise of warrants		3,339	–	3,339	–
Repayments of lease liabilities		(1,688)	(2,001)	–	–
Repayments of hire purchase payables		(442)	(1,428)	(28)	(54)
Repayment to a subsidiary (Repayments to)/Advances from directors (Repayments to)/Advances		–	–	(476)	–
from related parties		(310)	469	2	–
Net drawdown of short-term borrowings		8,135	15,553	–	–
Subscription of shares in subsidiaries by non-controlling interests		–	1,000	–	–
Purchase of treasury shares	19	(1,161)	–	(1,161)	–
<b>Net cash (used in)/from financing activities</b>		(4,647)	29,650	(10,485)	(1,106)
Net increase in cash and cash equivalents		19,783	3,753	9,720	6,774
<b>Cash and cash equivalents at the beginning of the financial year</b>		40,749	37,696	12,057	5,283
Effects of foreign exchange rate changes		86	(700)	–	–
<b>Cash and cash equivalents at the end of the financial year</b>	16	60,618	40,749	21,777	12,057

(a) Changes in liabilities arising from financing activities:

	Note	1.4.2022 RM'000	Cash flows RM'000	Acquisition RM'000	Lease modification RM'000	Disposal of a subsidiary RM'000	31.3.2023 RM'000
<b>Group</b>							
Amounts owing to directors	23	3,192	(359)	–	–	–	2,833
Amounts owing to related parties	23	10,325	(310)	–	–	–	10,015
Lease liabilities	17,21	11,031	(1,688)	2,416	(1,020)	(70)	10,669
Hire purchase payables	17,21	5,195	(442)	601	–	(4,775)	579
Term loans	17,21	39,631	–	–	–	(39,631)	–
Short-term borrowings	17,21	53,041	8,135	–	–	(15,911)	45,265
		122,415	5,336	3,017	(1,020)	(60,387)	69,361

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**  
**(CONT'D)**

(a) Changes in liabilities arising from financing activities: (Cont'd)

	Note	1.4.2022 RM'000	Cash flows RM'000	Acquisition RM'000	31.3.2023 RM'000	
<b>Company</b>						
Amounts owing to subsidiaries	23	476	(476)	-	-	
Amount owing to a related party	23	-	2	-	2	
Lease liabilities	21	6	(28)	601	579	
		482	(502)	601	581	
<hr/>						
	Note	1.4.2021 RM'000	Cash flows RM'000	Acquisition RM'000	Lease modification RM'000	31.3.2022 RM'000
<b>Group</b>						
Amounts owing to directors	23	358	2,834	-	-	3,192
Amounts owing to related parties	23	9,856	469	-	-	10,325
Lease liabilities	17,21	3,511	(2,001)	9,547	(26)	11,031
Hire purchase payables	17,21	4,968	(1,428)	1,655	-	5,195
Term loans	17,21	25,356	14,275	-	-	39,631
Short-term borrowings	17,20	37,488	15,553	-	-	53,041
		81,537	29,702	11,202	(26)	122,415
<hr/>						
	Note	1.4.2021 RM'000	Cash flows RM'000	31.3.2022 RM'000		
<b>Company</b>						
Amounts owing to subsidiaries	22	476	-	476		
Hire purchase payables	20	60	(54)	6		
		536	(54)	482		

(b) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM4,794,000 (2022: RM4,866,000) and RM124,000 (2022: RM54,000) respectively.

(c) The short-term funds are integral part of the Group's and the Company's capital management as disclosed in Note 39 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 July 2023.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of amendments/improvements to MFRSs

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

#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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



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

### 2. BASIS OF PREPARATION (CONT'D)

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

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

<u>New MFRS</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

<sup>#</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

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

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.4 Functional and presentation currency

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

#### 2.5 Basis of measurement

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Basis of consolidation

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

##### (a) Subsidiaries and business combination

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

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

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

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

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

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

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

#### 3.1 Basis of consolidation (Cont'd)

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

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

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

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

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

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

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

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

##### (b) Non-controlling interests

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

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

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

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

#### 3.1 Basis of consolidation (Cont'd)

##### (c) Transactions eliminated on consolidation

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

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

#### 3.2 Separate financial statements

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

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

#### 3.3 Foreign currency transactions and operations

##### (a) Translation of foreign currency transactions

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

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

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

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

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

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

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

#### 3.3 Foreign currency transactions and operations (Cont'd)

##### (b) Translation of foreign operations

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

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

#### 3.4 Financial instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

#### 3.4 Financial instruments (Cont'd)

##### (a) Subsequent measurement

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

##### (i) Financial assets

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

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

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

##### Debt instruments

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

- **Amortised cost**

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

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

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

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

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

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

#### 3.4 Financial instruments (Cont'd)

##### (a) Subsequent measurement (Cont'd)

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

##### (ii) Financial liabilities

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

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

##### (b) Financial guarantee contracts

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

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

##### (c) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

**3.4 Financial instruments (Cont'd)**

**(d) Derecognition**

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

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

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

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

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

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

**(e) Offsetting of financial instruments**

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

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



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

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

#### 3.5 Property, plant and equipment

##### (a) Recognition and measurement

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

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

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

##### (b) Subsequent costs

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

##### (c) Depreciation

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

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

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

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

##### (d) Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

**3.6 Investment properties**

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

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

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

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

**3.7 Leases**

**(a) Definition of lease**

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

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

**(b) Lessee accounting**

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

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 and lease liabilities in Note 21.

Right-of-use asset

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

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

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

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

#### 3.7 Leases (Cont'd)

##### (b) Lessee accounting (Cont'd)

###### Lease liability

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

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

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

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

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

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

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

###### Short-term leases and leases of low value assets

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

#### 3.7 Leases (Cont'd)

##### (c) Lessor accounting

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

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

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

#### 3.8 Goodwill and other intangible asset

##### (a) Goodwill

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

##### (b) Trademarks

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

#### 3.9 Contract assets

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

#### 3.10 Inventories

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

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

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

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

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

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

#### 3.11 Non-current assets or disposal groups held for sale

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

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

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

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

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

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

#### 3.12 Discontinued operations

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

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

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

#### 3.13 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

**3.14 Impairment of assets**

**(a) Impairment of financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 3.14 Impairment of assets (Cont'd)

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

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

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

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

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

##### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

#### 3.14 Impairment of assets (Cont'd)

##### (b) Impairment of non-financial assets (Cont'd)

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

Impairment losses are recognised in profit or loss.

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

#### 3.15 Share capital

##### (a) Ordinary shares

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

##### (b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

#### 3.16 Provisions

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.



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

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

#### 3.17 Employee benefits

##### (a) Short-term employee benefits

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

##### (b) Defined contribution plan

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

#### 3.18 Share-based payments

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 20.

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

#### 3.19 Revenue and other income

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

**3.19 Revenue and other income (Cont'd)**

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

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

**(a) Sale of goods – manufacturing**

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

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

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

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

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

**(b) Lease interest income**

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

**(c) Interest income**

Interest income is recognised using the effective interest method.

**(d) Dividend income**

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

**(e) Rental income**

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

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

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

#### 3.19 Revenue and other income (Cont'd)

##### (f) Others

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

#### 3.20 Borrowing costs

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

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

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

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

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

#### 3.21 Income tax

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

##### (a) Current tax

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

##### (b) Deferred tax

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

#### 3.21 Income tax (Cont'd)

##### (b) Deferred tax (Cont'd)

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

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

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

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

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

##### (c) Sales and services tax

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

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

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

#### 3.22 Earnings per share

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

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

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

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

#### 3.23 Operating segments

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

#### 3.24 Fair value measurements

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

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

#### 3.25 Contingencies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

**(b) Impairment of financial assets and contract assets**

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward- looking information.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of- use assets RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
At 1 April 2022	48,525	58,955	30,087	5,173	20,857	159	163,756
Additions	-	2,891	1,948	1,098	2,413	-	8,350
Disposals	-	(299)	(37)	(386)	-	-	(722)
Written off	-	-	(12)	-	-	-	(12)
Derecognition	-	-	-	-	(1,487)	-	(1,487)
Reclassification	-	(73)	141	56	-	(124)	-
Exchange differences	(618)	151	(444)	(12)	271	(3)	(655)
At 31 March 2023	47,907	61,625	31,683	5,929	22,054	32	169,230
<b>Accumulated depreciation</b>							
At 1 April 2022	12,788	41,092	26,358	3,238	2,509	-	85,985
Depreciation charge for the financial year (Note 29)	2,145	2,441	910	593	2,562	-	8,651
Disposals	-	(214)	(22)	(304)	-	-	(540)
Written off	-	-	(12)	-	-	-	(12)
Derecognition	-	-	-	-	(619)	-	(619)
Reclassification	-	(26)	(11)	37	-	-	-
Exchange differences	(372)	36	(510)	(9)	5	-	(850)
At 31 March 2023	14,561	43,329	26,713	3,555	4,457	-	92,615
<b>Accumulated impairment loss</b>							
At 1 April 2022	-	1,659	390	-	-	-	2,049
Disposals	-	(84)	(13)	-	-	-	(97)
At 31 March 2023	-	1,575	377	-	-	-	1,952
<b>Net carrying amount</b>							
At 31 March 2023	33,346	16,724	4,593	2,374	17,597	32	74,663

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

Group 2022	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of- use assets RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1 April 2021	4,584	62,965	107,462	36,367	5,912	16,517	1,324	235,131
Additions	-	170	3,626	2,182	955	9,547	640	17,120
Disposals	-	-	(5,130)	(311)	(282)	(104)	-	(5,827)
Written off	-	-	(2,312)	(378)	(44)	(2,892)	-	(5,626)
Derecognition	-	-	-	-	-	(35)	-	(35)
Reclassification	(23)	839	1,031	-	-	-	(1,847)	-
Transfer to investment property (Note 6)	-	(6,288)	-	-	-	(2,448)	-	(8,736)
Transfer to disposal group classified as held for sale (Note 17)	(4,561)	(11,071)	(46,809)	(8,778)	(1,480)	(280)	-	(72,979)
Exchange differences	-	1,910	1,087	1,005	112	552	42	4,708
At 31 March 2022	-	48,525	58,955	30,087	5,173	20,857	159	163,756
<b>Accumulated depreciation</b>								
At 1 April 2021	-	11,988	62,329	28,527	3,785	3,695	-	110,324
Depreciation charge for the financial year (Note 29)	-	2,333	5,845	1,636	731	2,323	-	12,868
Disposals	-	-	(4,636)	(282)	(231)	(104)	-	(5,253)
Written off	-	-	(2,309)	(376)	(44)	(2,892)	-	(5,621)
Derecognition	-	-	-	-	-	(9)	-	(9)
Transfer to investment property (Note 6)	-	(872)	-	-	-	(412)	-	(1,284)
Transfer to disposal group classified as held for sale (Note 17)	-	(1,172)	(20,707)	(4,079)	(1,056)	(168)	-	(27,182)
Exchange differences	-	511	570	932	53	76	-	2,142
At 31 March 2022	-	12,788	41,092	26,358	3,238	2,509	-	85,985



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of- use assets RM'000	Capital work-in- progress RM'000	Total RM'000
2022 (cont'd)								
Accumulated impairment loss								
At 1 April 2021	-	-	740	82	-	-	-	822
Impairment loss during the financial year (Note 29)	-	-	919	308	-	-	-	1,227
At 31 March 2022	-	-	1,659	390	-	-	-	2,049
<b>Net carrying amount</b>								
At 31 March 2022	-	35,737	16,204	3,339	1,935	18,348	159	75,722

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

<b>Company 2023</b>	<b>Air- conditioners RM'000</b>	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 April 2022	37	11	142	310	500
Additions	–	–	14	773	787
Disposals	–	–	(4)	(263)	(267)
At 31 March 2023	37	11	152	820	1,020
<b>Accumulated depreciation</b>					
At 1 April 2022	34	–	77	205	316
Depreciation charge for the financial year (Note 29)	3	1	22	75	101
Disposals	–	–	–	(194)	(194)
At 31 March 2023	37	1	99	86	223
<b>Net carrying amount</b>					
At 31 March 2023	–	10	53	734	797
<b>2022</b>					
<b>Cost</b>					
At 1 April 2021	37	–	138	317	492
Additions	–	11	9	–	20
Disposals	–	–	(5)	(7)	(12)
At 31 March 2022	37	11	142	310	500
<b>Accumulated depreciation</b>					
At 1 April 2021	30	–	61	150	241
Depreciation charge for the financial year (Note 29)	4	–*	21	62	87
Disposals	–	–	(5)	(7)	(12)
At 31 March 2022	34	–	77	205	316
<b>Net carrying amount</b>					
At 31 March 2022	3	11	65	105	184

\* represents the cost of RM94.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

- (a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM8,350,000 (2022: RM17,120,000) and RM767,000 (2022: RM20,000) respectively which are satisfied by the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Lease arrangements	3,017	11,202	601	–
Cash payments	5,333	5,918	186	20
	8,350	17,120	787	20

- (b) The Group and the Company lease several assets including land use rights and premises.

Group	Land	Land	Premises	Total
	use rights RM'000	RM'000	RM'000	RM'000
<b>Carrying amount</b>				
1 April 2022	7,454	6,123	4,771	18,348
Additions	–	–	2,413	2,413
Depreciation	(164)	(132)	(2,266)	(2,562)
Derecognition	–	–	(868)	(868)
Exchange differences	(223)	353	136	266
At 31 March 2023	7,067	6,344	4,186	17,597
<b>Group</b>				
<b>Carrying amount</b>				
1 April 2021	9,277	–	3,547	12,824
Additions	–	6,195	3,352	9,547
Depreciation	(164)	(72)	(2,087)	(2,323)
Derecognition	–	–	(26)	(26)
Transfer to investment property	(2,036)	–	–	(2,036)
Transfer to disposal group classified as held for sale	–	–	(112)	(112)
Exchange differences	377	–	97	474
At 31 March 2022	7,454	6,123	4,771	18,348

- (c) In the previous financial year, an impairment loss of RM1,227,000 was provided for certain plant and machinery, factory equipment and office equipment of the Group, as the carrying amount of these plant and equipment were higher than their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**6. INVESTMENT PROPERTIES**

	Group	
	2023 RM'000	2022 RM'000
<b>At cost</b>		
At beginning of the financial year	21,512	12,246
Transfer from property, plant and equipment (Note 5)	–	8,736
Exchange differences	82	530
At end of the financial year	21,594	21,512
<b>Accumulated depreciation</b>		
At beginning of the financial year	4,681	2,446
Depreciation charge during the financial year (Note 29)	880	847
Transfer from property, plant and equipment (Note 5)	–	1,284
Exchange differences	11	104
At end of the financial year	5,572	4,681
<b>Carrying amount</b>	<b>16,022</b>	<b>16,831</b>

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

	Group	
	2023 RM'000	2022 RM'000
Rental income	982	767
Direct operating expenses	(352)	(345)

**Fair value information**

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2023</b>				
Freehold buildings	–	–	3,125	3,125
Leasehold building	–	–	8,707	8,707
Leasehold office lot	–	–	13,950	13,950
	–	–	25,782	25,782
<b>2022</b>				
Freehold buildings	–	–	1,760	1,760
Leasehold building	–	–	8,294	8,294
Leasehold office lot	–	–	13,320	13,320
	–	–	23,374	23,374

## NOTES TO THE FINANCIAL STATEMENTS

### (CONT'D)

#### 6. INVESTMENT PROPERTIES (CONT'D)

The valuation of Level 3 of certain investment properties of the Group as at 31 March 2023 and 31 March 2022 were determined by directors' estimation based on indicative market price of similar properties in the vicinity and replacement cost model respectively.

There are no Level 1 investment properties during the financial years ended 31 March 2023 and 31 March 2022. There was no transfer between Level 2 and Level 3 during the financial years ended 31 March 2023 and 31 March 2022.

#### 7. INTANGIBLE ASSETS

	Goodwill RM'000	Trademark RM'000	Total RM'000
<b>Group Cost</b>			
At 1 April 2021	1,250	–	1,250
Addition	–	13	13
At 31 March 2022	1,250	13	1,263
Exchange differences	–	1	1
At 31 March 2023	1,250	14	1,264
<b>Accumulated impairment losses</b>			
At 1 April 2022/31 March 2023	(1,250)	–	(1,250)
<b>Carrying amount</b>			
At 31 March 2023	–	14	14
At 31 March 2022	–	13	13

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. INVESTMENT IN SUBSIDIARIES**

	Company	
	2023 RM'000	2022 RM'000
<b>Unquoted shares, at cost</b>		
At beginning of the financial year	97,735	104,031
Additions during the financial year	—*	6,204
Disposal during the financial year	(7,600)	—
Capital repayment	—	(12,500)
At end of the financial year	90,135	97,735
Equity contribution in respect of ESOS	6	67
	6	67
Less: Accumulated impairment losses		
At beginning of the financial year	(42,339)	(41,838)
Impairment losses during the financial year (Note 29)	(2,453)	(813)
Reversal of impairment losses (Note 29)	—	312
At end of the financial year	(44,792)	(42,339)
	45,349	55,463

\* represent investment in Beauty Silk Screen (M) Sdn. Bhd. for a total cash consideration of RM2.

During the financial year, an impairment loss of RM2,453,000 (2022: RM813,000) is provided for in the cost of investment in subsidiaries as the carrying amount of the cost of investment in the subsidiaries are higher than their recoverable amounts.

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%)	
			2023	2022
<b>Subsidiaries of the Company</b>				
La Prima Medtech Sdn. Bhd.	Malaysia	Research and development, manufacturing, import and export of medical and healthcare product	100	100
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Keza Sdn. Bhd.*	Malaysia	Investment holding	100	100
Mega Labels & Stickers Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Mega Label (Malaysia) Sdn. Bhd. #	Malaysia	Printing and sale of labels and stickers	—	100

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**

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

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%)	
			2023	2022
<b>Subsidiaries of the Company (cont'd)</b>				
Thirty Three Trading Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100
PCCS Garments Ltd.^	Cambodia	Temporarily ceased operations	100	100
JIT Textiles Ltd. ^	Cambodia	Temporarily ceased operations	100	100
Beauty Apparels (Cambodia) Ltd.^	Cambodia	Temporarily ceased operations	100	100
Perfect Seamless Garments (Cambodia) Ltd.**	Cambodia	Manufacturing of seamless bond and silk screen products	100	100
PCCS Garments (Suzhou) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	100	100
PCCS (Hong Kong) Ltd.*	Hong Kong	Provision of agency and handling services and manufacturing and trading of garments	100	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	100	100
La Prima Medicare Pte. Ltd.*	Singapore	Wholesale of medical, professional, scientific and precision equipment.	70	70
Southern Auto Capital Sdn. Bhd.	Malaysia	Financial leasing activities	80	80
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100
<b>Subsidiary of Mega Label (Malaysia) Sdn. Bhd.</b>				
Mega Label (Penang) Sdn. Bhd. #	Malaysia	Printing and sale of labels and stickers	-	51
<b>Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.</b>				
JIT Embroidery Ltd. @	Cambodia	Temporarily ceased operations	-	100

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**

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

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%)	
			2023	2022
<b>Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.</b> Beauty Silk Screen Ltd. **	Cambodia	Manufacturing of embroidery, sublimation and silk screen products	100	100
<b>Subsidiary of PCCS Garments (Suzhou) Ltd.</b> PCCS Garments (Shandong) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	51	51
<b>Subsidiary of PCCS (Hong Kong) Ltd.</b> Ample Apparels Ltd. @	Hong Kong	Temporarily ceased operations	–	60
<b>Subsidiary of Thirty Three (Hong Kong) Ltd.</b> Thirty Three (Shanghai) Ltd.*	The People's Republic of China	Trading of brand apparels and provide design service	100	100
<b>Subsidiary of Mega Labels &amp; Stickers Sdn. Bhd.</b> Mega Labels & Stickers (Cambodia) Co., Ltd. **	Cambodia	Trading of labels and stickers	100	100
<b>Subsidiaries of Keza Sdn. Bhd.</b> Keza (Cambodia) Ltd.^	Cambodia	Temporarily ceased operations	100	100
Wan He Da Manufacturing Company Ltd.**	Cambodia	Provision of garment manufacturing and services	100	100
<b>Subsidiary of Wan He Da Manufacturing Company</b> Thirty Three Apparels (Cambodia) Co., Ltd.**	Cambodia	Provision of garment manufacturing and services	100	100

\* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

\*\* Audited by an independent member firm of Baker Tilly International.

^ Consolidated using unaudited management financial statements, no statutory requirement for the financial statements to be audited at financial year end.

# The subsidiaries were reclassified as disposal group classified as held for sale (Note 17) in the previous financial year. The disposal was completed during the financial year (Note 8(b)).

@ The subsidiaries are consolidated using unaudited management financial statements as it was struck off during the financial year.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

**2023**

(a) On 31 March 2023, the Company acquired 200,000 shares of Beauty Silk Screen (M) Sdn. Bhd. from a subsidiary, namely Thirty Three Trading Sdn. Bhd., for a total consideration of RM2.

(b) **Disposal of subsidiary**

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

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

Effect of disposal on the financial position and cash flows of the Group:

	<b>2023</b>
	<b>RM'000</b>
<b>Assets:</b>	
Property, plant and equipment	45,797
Deferred tax assets	1,533
Inventories	4,030
Trade and other receivables	11,604
Other current assets	2,123
Tax assets	2,804
Deposits, cash and bank balances	1,680
	69,571
<b>Liabilities:</b>	
Bankers' acceptances	(8,420)
Term loan	(47,122)
Lease liabilities	(71)
Hire purchase payables	(4,774)
Trade and other payables	(6,782)
	(67,169)
<b>Net assets disposed</b>	<b>2,402</b>
Fair value of consideration received	8,500
Less: Net assets disposed	(2,402)
Add: Non-controlling interest	114
<b>Gain on disposal of a subsidiary</b>	<b>6,212</b>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**

**2023 (Cont'd)**

(b) **Disposal of subsidiary (Cont'd)**

The cash flows attributable to the disposal are as follows:

	<b>2023 RM'000</b>
Cash consideration received	8,500
Less: Cash and cash equivalents of the subsidiary disposed of	(1,680)
<b>Net cash inflows on disposal</b>	<b>6,820</b>

**2022**

- (c) On 22 April 2021, the Company incorporated a 80% owned subsidiary, namely Southern Auto Capital Sdn. Bhd. ("SAC"), with an issued and paid up capital of 4,000,000 ordinary shares of RM1 each. The principal activity of SAC is leasing, hire purchase and insurance business for all kinds of motor vehicles and machineries.
- (d) On 5 May 2021, the Company further subscribed for additional 999,999 ordinary shares of La Prima Medicare Pte. Ltd. ("LPMPL") for a total consideration of RM3,148,707.

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

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

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

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

\* represents the fair value of consideration transferred of RM3.

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

### 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (e) On 24 September 2021, the Company reduced 12,500,000 ordinary shares in Mega Label (Malaysia) Sdn. Bhd. ("MEGAM") by way of share capital reduction in MEGAM pursuant to Section 290(1)(a) and 297(1) of the Companies Act 2016.
- (f) On 13 September 2021, a wholly owned subsidiary of the Company, namely Wan He Da Manufacturing Company Ltd. ("WHD"), incorporated a wholly owned subsidiary, namely Thirty Three Apparels (Cambodia) Co., Ltd. ("TTAC") with an issued and paid-up capital of 1,000 ordinary shares of USD500 (equivalent to RM2,105) each. The principal activity of TTAC is in the provision of garment manufacturing and services under sub-contracted arrangements.

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

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

Equity interest held by NCI:

Name of company	Country of incorporation	Equity interest	
		2023 %	2022 %
PCCS Garments (Shandong) Ltd.	China	49	49
Ample Apparels Ltd.*	Hong Kong	–	40
Mega Label (Penang) Sdn. Bhd. ^	Malaysia	–	49
La Prima Medicare Pte. Ltd.	Singapore	30	30
Southern Auto Capital Sdn. Bhd.	Malaysia	20	20

\* Struck off during the financial year.

^ Disposed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**
**(g) NCI in subsidiaries (Cont'd)**

	Continuing Operations		Discontinued operations	Total
	PCCS La Prima Medtech Pte. Ltd. RM'000	Southern Auto Capital Sdn. Bhd. RM'000	Mega Label (Penang) Sdn. Bhd. RM'000	RM'000
<b>2023</b>				
NCI percentage of ownership interest and voting interest	49%	30%	0%	
Carrying amount of NCI	145	894	-	2,241
(Loss)/Profit allocated to NCI	(3,040)	(36)	(104)	(2,992)
<b>2022</b>				
NCI percentage of ownership interest and voting interest	49%	20%	49%	
Carrying amount of NCI	3,218	886	1,014	5,336
(Loss)/Profit allocated to NCI	(2,539)	(32)	13	(3,048)

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

## (h) Summarised financial information of material NCI

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

	Continuing Operations			Discontinued operations Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
	PCCS Garments (Shandong) Ltd. RM'000	La Prima Medtech Pte. Ltd. RM'000	Southern Auto Capital Sdn. Bhd. RM'000		
<b>Summarised statements of financial position</b>					
<b>As at 31 March 2023</b>					
Non-current assets	25,210	14	26,709	1,024	52,957
Current assets	4,670	3,686	5,701	684	14,741
Non-current liabilities	—	—	(20,381)	—	(20,381)
Current liabilities	(30,830)	(712)	(6,023)	(1,476)	(39,041)
	(950)	2,988	6,006	232	8,276
<b>Summarised statements of comprehensive income</b>					
<b>Financial year ended 31 March 2023</b>					
Revenue	25,596	21	5,521	449	31,587
(Loss)/Profit for the financial year representing total comprehensive (loss)/income	(6,205)	(121)	941	(212)	(5,597)

NOTES TO THE FINANCIAL STATEMENTS  
 (CONT'D)

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**
**(h) Summarised financial information of material NCI (Cont'd)**

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

	Continuing Operations			Discontinued operations Mega Label (Penang) Sdn. Bhd. RM'000	Total RM'000
	PCCS Garments (Shandong) Ltd. RM'000	La Prima Medtech Pte. Ltd. RM'000	Southern Auto Capital Sdn. Bhd. RM'000		
<b>Summarised cash flow information</b>					
<b>Financial year ended 31 March 2023</b>					
Net cash flows (used in)/ from operating activities	937	(1,051)	(20,854)	64	(20,904)
Net cash flows used in investing activities	(202)	-	(30)	-	(232)
Net cash flows (used in)/ from financing activities	-	(163)	21,418	(50)	21,205
Net (decrease)/increase in Cash and cash equivalent	735	(1,214)	534	14	69
Dividends paid to NCI	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
 (CONT'D)

**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**
**(h) Summarised financial information of material NCI (Cont'd)**

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

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



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 9. LEASE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
<b>Gross lease receivables</b>		
- not later than 1 year	10,689	2,833
- later than 1 year but not later than 5 years	34,323	10,012
- later than 5 years	3,059	1,355
	37,382	11,367
Less: Unearned lease interest income	48,071 (15,095)	14,200 (4,833)
Net lease receivables	32,976	9,367
Less: Allowance for impairment losses	(2,160)	(241)
	30,816	9,126

Receivables are as follows:

<b>Current:</b>		
- not later than 1 year	4,756	1,151
<b>Non-current:</b>		
- later than 1 year but not later than 5 years	23,340	6,721
- later than 5 years	2,720	1,254
	26,060	7,975
	30,816	9,126

- (a) The credit terms of lease receivables of the Group are in accordance with the repayment schedules as contained in the lease agreements.
- (b) The effective interest rates of the leases ranging from 16.66% to 18.16% (2022:16.97% to 18.16%) per annum.
- (c) The Group's lease receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of lease receivables are as follows:

	Group	
	2023 RM'000	2022 RM'000
At the beginning of the financial year	241	-
Charge for the financial year		
- Individually assessed	1,093	241
- Collectively assessed	826	-
At the end of the financial year	2,160	241

The information about the credit exposures are disclosed in Note 36(b)(iv).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 10. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
<b>At lower of cost and net realisable value</b>		
Raw materials	47,107	68,483
Work-in-progress	3,615	12,479
Finished goods	7,764	14,259
	58,486	95,221

Recognised in profit or loss:

	Group	
	2023 RM'000	2022 RM'000
Inventories recognised as cost of sales	403,979	362,468
Inventories written (back)/down	(6)	13

The inventories written down are in respect of stock obsolescence.

## 11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current:</b>					
<b>Non-trade</b>					
Amount owing by a subsidiary	(b)	–	–	20,380	–
<b>Current:</b>					
<b>Trade</b>					
External parties		49,971	58,519	–	–
Less: Impairment losses		(100)	(102)	–	–
	(a)	49,871	58,417	–	–
<b>Non-trade</b>					
Amounts owing by subsidiaries	(b)	–	–	37,192	50,470
Other receivables	(d)	1,564	2,474	1	–
Deposits		1,810	791	25	2
		3,374	3,265	37,218	50,472
Less: Impairment losses	(c)	(589)	(585)	(23,882)	(23,816)
		2,785	2,680	13,336	26,656
Total trade and other receivables (current)		52,656	61,097	13,336	26,656
Total trade and other receivables (non-current and current)		52,656	61,097	33,716	26,656

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**11. TRADE AND OTHER RECEIVABLES (CONT'D)**

## (a) Trade receivables

The receivables are non-interest bearing and normal credit terms offered by the Group ranging from 15 to 120 days (2022: 15 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

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

Trade receivables

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	102	257
Reversal of impairment loss	(7)	–
Reclassified as disposal group classified as held for sale	–	(157)
Exchange difference	5	2
At end of the financial year	100	102

The information about the credit exposures are disclosed in Note 36(b)(iv).

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

Included in current and non-current of amounts owing by subsidiaries is an amount of RM25,311,000 (2022: RM3,960,000) which is unsecured, subject to interest at a rate of 8.5% per annum, repayable on demand and is expected to be settled in cash and cash equivalents.

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

Other receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of the financial year	585	577	23,816	19,210
Charge for financial year				
- Individually assessed	–	–	126	5,375
Reversal of impairment loss	–	–	(60)	(769)
Exchange difference	4	8	–	–
At end of the financial year	589	585	23,882	23,816

## (d) Included in other receivables is an amount of RM153,000 (2022: RM118,000) owing by a related party in which a director of the Company and a director of subsidiaries have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**12. CONTRACT ASSETS**

	2023 RM'000	2022 RM'000
<b>Group</b>		
Contract assets relating to cut, make and trim (“CMT”) contracts	1,868	1,965

**Significant changes in contract balances**

	2023 Contract assets increased/(decreased) RM'000	2022 Contract assets increased/(decreased) RM'000
<b>Group</b>		
Increase due to revenue recognised for unbilled goods	1,868	1,951
Transfers from contract assets recognised at the beginning of the period to receivables	(1,965)	(1,848)
Translation difference	–	14

**13. OTHER CURRENT ASSETS**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current</b>				
Prepayments	1,919	1,414	36	39
Value added tax recoverable	3,980	2,164	–	–
Less: Impairment losses	(397)	(397)	–	–
	3,583	1,767	–	–
Advances to suppliers	1,458	1,545	–	–
	6,960	4,726	36	39

**14. TAX ASSETS**

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 15. SHORT-TERM FUNDS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial assets at fair value through profit or loss ("FVPL")</b>				
<b>At fair value:</b>				
Short-term cash investments				
- Money market funds	5,293	19,215	668	13,230

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

It is an integral part of the Group's and the Company's capital management as disclosed in Note 39.

## 16. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Cash and bank balances	34,389	26,307	1,709	6,245
Deposits placed with licensed banks	26,229	8,768	20,068	5,812
<b>Cash and cash equivalents as reported in the statements of financial position</b>	60,618	35,075	21,777	12,057
Less: Bank overdrafts (Note 21)	-	(3,300)	-	-
	60,618	31,775	21,777	12,057
<b>Discontinued operations (Note 17)</b>				
Cash and bank balances	-	8,974	-	-
<b>Cash and cash equivalents as reported in the statements of cash flows</b>	60,618	40,749	21,777	12,057

The deposits placed with licensed banks bear interests at rates ranging from 0.01% to 4.70% (2022: 0.05% to 0.29%) and mature within 3 months.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

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

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

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

**Assets of a disposal group classified as held for sale**

	<b>2022 RM'000</b>
Property, plant and equipment (Note 5)	45,797
Deferred tax assets (Note 22)	1,533
Inventories	3,717
Trade and other receivables	11,702
Other current assets	899
Tax assets	2,691
Deposits, cash and bank balances (Note 16)	8,974
	75,313

**Liabilities of a disposal group classified as held for sale**

	<b>2022 RM'000</b>
Bankers' acceptances	7,825
Term loan	39,631
Hire purchase payables	5,189
Lease liabilities	115
Loan and borrowings	52,760
Trade and other payables	7,809
	60,569

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**17. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)**

## (b) Discontinued operations

As disclosed in Note(a) above, the statements of comprehensive income have been presented by separating discontinued operations from continuing operations.

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

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	14,229	56,789
Cost of sales	(12,603)	(49,210)
Gross profit	1,626	7,579
Other income	312	922
Gain on disposal of a subsidiary	6,212	–
Administrative expenses	(1,174)	(11,160)
Selling and marketing expenses	(340)	(1,423)
Other expenses	–	(446)
Profit/(Loss) from operations	6,636	(4,528)
Finance income	14	50
Finance costs	(632)	(1,768)
Profit/(Loss) before tax of discontinued operations	6,018	(6,246)
Tax credit	–	936
Profit/(Loss) for the financial year from discontinued operations, net of tax	6,018	(5,310)

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

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration	–	38
Depreciation of property, plant and equipment	–	5,221
Directors' remuneration	125	570
Employee benefits expense:		
- Salaries, wages and bonus	2,576	11,177
- Defined contribution plan	305	1,116
- Other staff related expenses	384	750
Expenses relating to lease of low value assets	1	4
Gain on disposal of a subsidiary	(6,212)	–
Inventories written back	–	(316)
Unrealised loss on foreign exchange	–	58

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

(b) Discontinued operations (Cont'd)

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

	2023 RM'000	2022 RM'000
Net cash from operating activities	553	5,524
Net cash used in investing activities	–	(1,841)
Net cash from financing activities	(1,916)	(2,194)
	(1,363)	1,489

**18. SHARE CAPITAL**

	Group/Company			
	Number of ordinary shares		Amounts	
	2023 Unit	2022 Unit	2023 RM'000	2022 RM'000
<b>Issued and fully paid (no par value):</b>				
At beginning of the financial year	214,970	212,056	86,270	84,709
Issued pursuant to				
- ESOS	2,486	2,914	1,449	1,561
- exercise of warrants	5,565	–	3,734	–
At end of the financial year	223,021	214,970	91,453	86,270

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

During the financial year, the Company:

- (i) issued 2,485,600 new ordinary shares pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") amounting to RM1,449,380; and
- (ii) issued 5,564,900 new ordinary shares pursuant to the exercise of warrants at the exercise price of RM0.60 per warrant.

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



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 19. TREASURY SHARES

	Number of treasury shares		Amounts	
	2023 Unit	2022 Unit	2023 RM'000	2022 RM'000
At 1 April	–	–	–	–
Shares repurchased	2,430,900	–	1,161,106	–
At 31 March	2,430,900	–	1,161,106	–

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was first approved by the Company's shareholders in the Annual General Meeting held on 22 September 2021 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 2,430,900 shares of its issued shares from the open market. The average price paid for the shares repurchased was RM0.46.

There were no resale, cancellation or distribution of treasury shares during the financial year.

## 20. OTHER RESERVES

## (a) Warrants reserve

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

Salient terms of the warrants are as follows:

- (i) Each warrant carries the entitlement to subscribe for 1 new share at any time on or after 26 December 2017 to 25 December 2022, at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
- (ii) The warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (iii) The expiry date of the warrants is the day falling 5 years from and including the date of issue of the warrants, and if such date is not a market day, then on the preceding market day.
- (iv) For the purpose of trading on Bursa Securities, 1 board lot of warrants shall comprise 100 warrants carrying the rights to subscribe for 100 new shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
- (v) The new shares issued pursuant to the exercise of the warrants are not entitled to any dividends, rights, allotments and/or distributions. The warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the warrant holders become shareholders of the Company by exercising their warrants into new shares.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**20. OTHER RESERVES (CONT'D)**

**(a) Warrants reserve (Cont'd)**

Salient terms of the warrants are as follows: (Cont'd)

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

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

	2017/2022			31.3.2023 '000
	1.4.2022 '000	Exercise '000	Lapsed '000	
Number of unissued shares under warrants	90,018	(5,565)	(84,453)	–

The warrants expired on 23 December 2022 and were subsequently removed from Official List of Bursa Malaysia Securities Berhad on 27 December 2022. Pursuant to that, warrants reserve in relation to the unexercised warrants had been transferred to retained earnings.

**(b) Foreign exchange reserve**

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

**(c) Legal reserve fund**

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

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

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

**(d) Share option reserve**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 20. OTHER RESERVES (CONT'D)

## (d) Share option reserve (Cont'd)

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

Option price	Balance as at 1.4.2022	Granted	Exercised	Lapsed	Balance as at 31.3.2023	Exercisable as at 31.3.2023
RM0.46	1,920,600	–	(1,500,600)	–	420,000	420,000
RM0.39	–	1,285,000	(985,000)	–	300,000	300,000
	1,920,600	1,285,000	(2,485,600)	–	720,000	720,000

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

The options outstanding at 31 March 2023 have exercise prices ranging from RM0.39 to RM0.46 (2022: RM0.46) and the weighted average remaining contractual life for the share options outstanding as at 31 March 2023 was 1.12 years (2022: 1.33 years).

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

	Granted in	
	2023	2022
<b>Fair value of share options and assumptions</b>		
Weighted average fair value of share option at grant date (RM)	RM0.1314	RM0.1669
Weighted average share price (RM)	0.43	0.46
Option life (years)	3	2
Risk-free rate (%)	3.59	1.97
Expected dividends (%)	None	None
Expected volatility (%)	45.53	51.96

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**21. LOANS AND BORROWINGS**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
<b>Secured:</b>				
Hire purchase payables	469	–	469	–
Lease liabilities (Note 21(c))	–	937	–	–
<b>Unsecured:</b>				
Lease liabilities (Note 21(c))	8,570	8,255	–	–
	9,039	9,192	469	–
<b>Current</b>				
<b>Secured:</b>				
Bill financing	5,302	13,033	–	–
Lease liabilities (Note 21(c))	–	415	–	–
Hire purchase payables	110	6	110	6
Trust receipts	12,788	7,808	–	–
<b>Unsecured:</b>				
Bank overdrafts (Note 16)	–	3,300	–	–
Lease liabilities (Note 21(c))	2,099	1,309	–	–
Revolving credits	15,610	17,775	–	–
Trust receipts	11,565	6,600	–	–
	47,474	50,246	110	6
<b>Total loans and borrowings</b>				
Revolving credits	15,610	17,775	–	–
Bank overdraft	–	3,300	–	–
Bills financing	5,302	13,033	–	–
Hire purchase payables	579	6	579	6
Lease liabilities (Note 21(c))	10,669	10,916	–	–
Trust receipts	24,353	14,408	–	–
	56,513	59,438	579	6

(a) Lease liabilities are secured by charges over certain plant and machinery as disclosed in Note 5(b).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 21. LOANS AND BORROWINGS (CONT'D)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revolving credits	3.85% - 4.15%	3.75% - 4.20%	-	-
Bankers' acceptances	-	1.99% - 2.96%	-	-
Bank overdraft	-	3.85%	-	-
Bills financing	2.25%	3.40%	-	-
Trust receipts	2.00% - 4.15%	3.55% - 4.20%	-	-
Hire purchase payables	2.45%	2.45%	2.45%	2.45%
Lease liabilities	2.75% - 8.00%	2.75% - 8.00%	-	-

(c) Lease liabilities

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

	Group	
	2023 RM'000	2022 RM'000
<b>Minimum lease payments</b>		
Not later than 1 year	2,832	2,489
Later than 1 year and not later than 5 years	4,261	5,247
Later than 5 years	23,028	22,438
	30,121	30,174
Less: Future finance charges	(19,452)	(19,258)
Present value of minimum lease payments	10,669	10,916
<b>Present value of minimum lease payments</b>		
Not later than 1 year	2,099	1,724
Later than 1 year and not later than 5 years	2,105	3,019
Later than 5 years	6,465	6,173
	10,669	10,916
Less: Amounts due within 12 months	(2,099)	(1,724)
Amounts due after 12 months	8,570	9,192

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**22. DEFERRED TAX ASSETS**

	Group	
	2023 RM'000	2022 RM'000
<b>Deferred tax assets</b>		
At beginning of the financial year	283	561
Recognised in profit or loss (Note 30)	331	1,255
Reclassified as disposal group classified as held for sale (Note 17)	–	(1,533)
<b>At end of the financial year</b>	<b>614</b>	<b>283</b>

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

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	1,915	1,566
Deferred tax liabilities	(1,301)	(1,283)
<b>At end of the financial year</b>	<b>614</b>	<b>283</b>

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

	Group	
	2023 RM'000	2022 RM'000
<b>Deferred tax assets</b>		
Unutilised tax losses	39	283
Unabsorbed capital allowances	1,265	1,265
Others	724	18
	<b>2,028</b>	<b>1,566</b>
<b>Deferred tax liabilities</b>		
Differences between the carrying amount of property, plant and equipment and their tax base	(1,414)	(1,283)
<b>At end of the financial year</b>	<b>614</b>	<b>283</b>

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**22. DEFERRED TAX ASSETS (CONT'D)**

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	6,366	9,571	150	150
Unabsorbed capital allowances	604	570	–	–
Others	(44)	(34)	–	–
	6,926	10,107	150	150
Potential deferred tax assets not not recognised at 24%	1,662	2,426	36	36

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

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

	Group 2023 RM'000
<b>Malaysia</b>	
2028	4,489
2029	296
2031	574
2032	1,007
	6,366

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**23. TRADE AND OTHER PAYABLES**

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current:</b>					
<b>Trade</b>					
Third parties	(a)	33,412	49,333	–	–
<b>Non-trade</b>					
Amounts owing to subsidiaries	(b)	–	–	–	476
Amounts owing to directors	(c)	2,833	3,192	–	–
Amounts owing to related parties	(d)	10,015	10,325	2	–
Accruals		12,690	14,854	699	663
Deposits		77	3,564	–	3,400
Other payables		19,895	20,556	4,706	4,390
		45,510	52,491	5,407	8,929
<b>Total trade and other payables</b>		<b>78,922</b>	<b>101,824</b>	<b>5,407</b>	<b>8,929</b>

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2022: 30 to 90 days).
- (b) The amounts owing to subsidiaries are non-trade in nature, interest free and repayable on demand in cash and cash equivalents.
- (c) The amounts owing to directors are non-trade in nature, interest free and repayable on demand in cash and cash equivalents.
- (d) The amounts owing to related parties in which the directors of subsidiaries have financial interest are non-trade in nature, interest free and repayable on demand in cash and cash equivalents.



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 24. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
<b>Revenue from contract customers:</b>				
At a point in time:				
- Sales of goods	457,906	415,042	-	-
- Others	1,392	415	-	-
	459,298	415,457	-	-
<b>Revenue from other source:</b>				
- Lease interest income	4,061	381	-	-
- Others	74	36	-	-
- Dividend income	-	-	9,071	21,598
	4,135	417	9,071	21,598
	463,433	415,874	9,071	21,598
<b>Discontinued operations (Note 17)</b>				
<b>Revenue from contract customers:</b>				
At a point in time:				
- Sales of goods	14,229	56,789	-	-
	477,662	472,663	9,071	21,598

## 25. COST OF SALES

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**26. OTHER INCOME**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Gain on foreign exchange				
- realised	887	547	941	405
- unrealised	2,815	889	-	-
Gain on lease modification	151	-	-	-
Gain on disposal of property, plant and equipment	197	-	82	-*
Gain on disposal of a subsidiary	-	-	900	-
Government grant	297	678	-	-
Fair value gain on short-term funds	171	117	39	68
Rental income	992	955	-	-
Sales of materials	41	50	-	-
Dividend income from short-term funds	13	103	3	35
Waiver of debts	991	-	-	-
Others	1,030	1,258	9	-
	7,585	4,597	1,974	508
<b>Discontinued operations (Note 17)</b>				
Gain on foreign exchange				
- realised	123	173	-	-
Gain on disposal of property, plant and equipment	-	49	-	-
Gain on lease modification	-	-**	-	-
Rental income	189	700	-	-
	312	922	-	-
	7,897	5,519	1,974	508

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

\*\* represents gain on lease modification of RM231.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 27. FINANCE INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Interest income	755	119	560	3
Interest income from a subsidiary	–	–	1,348	38
<b>Discontinued operations (Note 17)</b>				
Interest income	14	50	–	–
	<b>769</b>	<b>169</b>	<b>1,908</b>	<b>41</b>

## 28. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Interest expense on:				
- loans and borrowings	3,915	2,252	6	2
- lease liabilities	889	510	–	–
	<b>4,804</b>	<b>2,762</b>	<b>6</b>	<b>2</b>
<b>Discontinued operations (Note 17)</b>				
Interest expense on:				
- loans and borrowings	629	1,762	–	–
- lease liabilities	3	6	–	–
	<b>632</b>	<b>1,768</b>	<b>–</b>	<b>–</b>
	<b>5,436</b>	<b>4,530</b>	<b>6</b>	<b>2</b>

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**29. PROFIT BEFORE TAX**

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

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>					
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		137	121	108	96
- under provision in prior year		-	6	-	6
- non-statutory audit		5	5	5	5
- component auditors of the Group					
- statutory audit					
- current year		255	249	-	-
- under provision in prior year		-*	-	-	-
- non-statutory audit		-	6	-	-
Bad debts written off		-	12	-	-
Depreciation and amortisation:					
- property, plant and equipment	5	8,651	7,647	101	87
- investment properties	6	880	847	-	-
Employee benefits expense	30	109,581	99,393	1,634	1,604
Expenses relating to:					
- short-term leases		892	303	90	-
- low value assets		530	262	-	-
Inventories written (back)/down		(6)	13	-	-
Loss on disposal of property, plant and equipment		-	307	-	-
Net impairment losses/ (reversal of impairment losses) on:					
- lease receivables		1,919	241	-	-
- trade and other receivables		(7)	-	-	-
- investment in subsidiaries	8	-	-	2,453	501
- property, plant and equipment	5	-	1,227	-	-
- amounts owing by subsidiaries		-	-	66	4,606
Property, plant and equipment written off	5	-	5	-	-
Unrealised loss on foreign exchange		-	-	222	6

\* represents under-provision of auditors' remuneration for component auditors of group of RM161.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 30. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Salaries, wages and bonus	100,638	91,869	1,329	1,217
Defined contribution plan	3,106	3,126	89	81
Other staff related expenses	5,668	4,053	98	29
Share-based payments	169	345	118	277
	109,581	99,393	1,634	1,604

Included in employee benefits expense are:

**Continuing operations****Executive directors:**

- fees	217	222	217	222
- other emoluments	2,366	2,126	-	-
- share-based payments	51	105	51	105
	2,634	2,453	268	327

**Non-executive directors:**

- fees	345	324	345	324
- other emoluments	672	633	19	18
- share-based payments	50	120	50	120
	1,067	1,077	414	462
	3,701	3,530	682	789

**Discontinued operations****Executive directors:**

- other emoluments	125	570	-	-
Total directors' remuneration	3,826	4,100	682	789

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**31. TAX EXPENSE**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
<b>Current income tax:</b>				
Current income tax charge				
- Malaysian income tax	1,142	1,464	391	16
- Foreign income tax	2,096	885	-	-
- Under/(Over) provision in prior financial years	5	(588)	(7)	(3)
	3,243	1,761	384	13
<b>Deferred tax (Note 22):</b>				
Origination of temporary differences	(288)	(161)	-	-
Over provision in prior financial years	(43)	-	-	-
	(331)	(161)	-	-
Tax expense from continuing operations	2,912	1,600	384	13
<b>Discontinued operations (Note 17)</b>				
<b>Current income tax:</b>				
Current income tax charge				
- Malaysian income tax	-	180	-	-
- Over provision in prior financial years	-	(22)	-	-
	-	158	-	-
<b>Deferred tax (Note 22):</b>				
Origination of temporary differences	-	60	-	-
Over provision in prior financial years	-	(1,154)	-	-
	-	(1,094)	-	-
Tax credit from discontinued operations	-	(936)	-	-
Total tax expense recognised in profit or loss	2,912	664	384	13

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**31. TAX EXPENSE (CONT'D)**

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax from continuing operations	10,235	6,762	7,695	13,347
Profit/(loss) before tax from discontinued operations	6,018	(6,246)	–	–
	16,253	516	7,695	13,347
Tax at Malaysian statutory income tax rate of 24%	2,456	124	1,847	3,203
Effect of different tax rates in other countries	(1,346)	(551)	–	–
Income not subject to tax	(4,628)	(7,853)	(2,650)	(5,297)
Expenses not deductible for tax purposes	7,231	10,342	1,194	2,110
Utilisation of previously unrecognised deferred tax assets	(1,010)	–	–	–
Deferred tax assets not recognised during the financial year	247	366	–	–
Under/(Over) provision in prior financial years				
- income tax	5	(610)	(7)	(3)
- deferred tax	(43)	(1,154)	–	–
Tax expense	2,912	664	384	13

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**32. EARNINGS/(LOSS) PER SHARE**

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) attributable to the owners of the Company		
- Continuing operations	10,211	7,720
- Discontinued operations	6,122	(4,820)
	16,333	2,900
Weighted average number of ordinary shares for basic earnings/(loss) per share	218,906	214,105
Basic earnings/(loss) per share (sen)		
- Continuing operations	4.66	3.60
- Discontinued operations	2.79	(2.25)
	7.45	1.35



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**32. EARNINGS/(LOSS) PER SHARE (CONT'D)**

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

	Group	
	2023	2022
	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company		
- Continuing operations	10,211	7,720
- Discontinued operations	6,122	(4,820)
	16,333	2,900
Weighted average number of ordinary shares for		
basic earnings/(loss) per share	218,906	214,105
Effect of dilution from ESOS	113	2
Weighted average number of ordinary shares for		
diluted earnings/(loss) per share	219,019	214,107
Diluted earnings/(loss) per ordinary share (sen)		
- Continuing operations	4.66	3.60
- Discontinued operations	2.79	(2.25)
	7.45	1.35

In the previous financial year, the potential conversion of warrants was anti-dilutive as its exercise price was higher than the average market price of the Company's ordinary shares. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share. The warrants expired on 23 December 2022 and were subsequently removed from Official List of Bursa Malaysia Securities Berhad on 27 December 2022.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**33. DIVIDENDS**

	Company	
	2023 RM'000	2022 RM'000
Single tier special dividend of RM0.06 per ordinary share in respect of the financial year ended 31 March 2023, paid on 29 November 2022	13,230	–
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

**34. CAPITAL COMMITMENTS**

The Group has made commitments for the following capital expenditures:

	Group	
	2023 RM'000	2022 RM'000
In respect of capital expenditure approved but not contracted for:		
- Property, plant and equipment	254	406

**35. RELATED PARTIES**

**(a) Identity of related parties**

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

Related parties of the Group and the Company include:

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 35. RELATED PARTIES (CONT'D)

## (b) Significant related party transactions

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Transactions with subsidiaries are as follows:</b>				
Dividend received	-	-	(9,071)	(21,598)
Interest income	-	-	(1,348)	(38)
<b>Transactions with related parties are as follows:</b>				
Sales of goods	(4,708)	(6,976)	-	-
Purchase of goods and services	431	310	-	-
Rental expense	804	622	90	-
<b>Transactions with a corporate shareholder of a subsidiary are as follows:</b>				
Sales of goods	-	(34)	-	-
Purchase of services	-	64	-	-
Rental expense	-	110	-	-
<b>Transactions with a director of the Company are as follows:</b>				
Rental expense	-	77	-	-
<b>Transactions with a director of the subsidiaries are as follows:</b>				
Rental expense	-	24	-	-

## (c) Compensation of key management personnel

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

Compensation of key management personnel which includes directors' remuneration as disclosed in Note 30 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employees benefits	5,119	5,132	562	564
Post-employment benefit	21	65	19	-
Share-based payments	141	283	101	225
	5,281	5,480	682	789

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

### 36. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

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

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

	Carrying amount RM'000	AC RM'000	FVPL RM'000
<b>At 31 March 2023</b>			
<b>Financial assets</b>			
<b>Group</b>			
Lease receivables	30,816	30,816	–
Trade and other receivables	52,656	52,656	–
Short-term funds	5,293	–	5,293
Deposits, cash and bank balances	60,618	60,618	–
	149,383	144,090	5,293
<b>Company</b>			
Trade and other receivables	33,716	33,716	–
Short-term funds	668	–	668
Deposits, cash and bank balances	21,777	21,777	–
	56,161	55,493	668
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	78,922	78,922	–
Loans and borrowings	45,844	45,844	–
	124,766	124,766	–
<b>Company</b>			
Trade and other payables	5,407	5,407	–
Loans and borrowings	579	579	–
	5,986	5,986	–

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 36. FINANCIAL INSTRUMENTS (CONT'D)

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

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

	Carrying amount RM'000	AC RM'000	FVPL RM'000
<b>At 31 March 2023</b>			
<b>Financial assets</b>			
<b>Group</b>			
Lease receivables	9,126	9,126	–
Trade and other receivables	61,097	61,097	–
Short-term funds	19,215	–	19,215
Deposits, cash and bank balances	35,075	35,075	–
	124,513	105,298	19,215
<b>Company</b>			
Trade and other receivables	26,656	26,656	–
Short-term funds	13,230	–	13,230
Deposits, cash and bank balances	12,057	12,057	–
	51,943	38,713	13,230
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	101,824	101,824	–
Loans and borrowings	48,522	48,522	–
	150,346	150,346	–
<b>Company</b>			
Trade and other payables	8,929	8,929	–
Loans and borrowings	6	6	–
	8,935	8,935	–

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**36. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management**

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

**(i) Interest rate risk**

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

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

Sensitivity analysis

As at the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM35,000 (2022: RM37,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

**(ii) Foreign exchange risk**

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**36. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management (Cont'd)**  
**(ii) Foreign exchange risk (Cont'd)**

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

	Singapore Dollars RM'000	Cambodian Riel RM'000	United States Dollars RM'000	Total RM'000
<b>Functional Currency of the Group</b>				
<b>At 31 March 2023</b>				
Ringgit Malaysia	1	-	18,056	18,057
Chinese Renminbi	-	-	20,011	20,011
United States Dollars	-	181	-	181
Hong Kong Dollars	-	-	(13,008)	(13,008)
	1	181	25,059	25,241
<b>Functional Currency of the Group</b>				
<b>At 31 March 2022</b>				
Ringgit Malaysia	112	-	13,723	13,835
Chinese Renminbi	-	-	900	900
United States Dollars	-	363	-	363
Hong Kong Dollars	-	-	(30,384)	(30,384)
	112	363	(15,761)	(15,286)

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**36. FINANCIAL INSTRUMENTS (CONT'D)**

(b) **Financial risk management (Cont'd)**

(ii) **Foreign exchange risk (Cont'd)**

	<b>United States Dollars RM'000</b>
<b>Functional Currency of the Company</b>	
<b>At 31 March 2023</b>	
Ringgit Malaysia	18,055
<hr/>	
<b>At 31 March 2022</b>	
Ringgit Malaysia	11,574
<hr/>	

Sensitivity analysis

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

	Change in rate	Effect on profit before tax for the financial year			
		Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
USD/RM	+ 5%	903	686	903	579
	- 5%	(903)	(686)	(903)	(579)
USD/RMB	+ 5%	1,001	45	-	-
	- 5%	(1,001)	(45)	-	-
USD/HKD	+ 5%	(650)	(1,519)	-	-
	- 5%	650	1,519	-	-
SGD/RM	+ 5%	-	6	-	-
	- 5%	-	(6)	-	-
KHR/USD	+ 5%	9	18	-	-
	- 5%	(9)	(18)	-	-
<hr/>					



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 36. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management (Cont'd)

## (iii) Liquidity risk

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

## Maturity analysis

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

	Carrying amount RM'000	On demand within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>					
<b>2023</b>					
<b>Financial liabilities:</b>					
Trade and other payables	78,922	78,922	–	–	78,922
Loans and borrowings	55,934	48,101	4,261	23,023	75,385
Hire purchase payables	579	135	512	–	647
	135,435	127,158	4,773	23,023	154,954
<b>2022</b>					
<b>Financial liabilities:</b>					
Trade and other payables	101,824	101,824	–	–	101,824
Loans and borrowings	59,432	51,064	5,246	22,439	78,749
Hire purchase payables	6	6	–	–	6
	161,262	152,894	5,246	22,439	180,579

NOTES TO THE FINANCIAL STATEMENTS  
 (CONT'D)

**36. FINANCIAL INSTRUMENTS (CONT'D)**
**(b) Financial risk management (Cont'd)**

## (iii) Liquidity risk (Cont'd)

## Maturity analysis (Cont'd)

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

	Carrying amount RM'000	On demand within 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
<b>Company</b>				
<b>2023</b>				
<b>Financial liabilities:</b>				
Trade and other payables	5,407	5,407	-	5,407
Hire purchase payables	579	135	512	647
Financial guarantee contract	-	29,655	-	29,655
	5,986	35,197	512	35,709
<b>2022</b>				
<b>Financial liabilities:</b>				
Trade and other payables	8,929	8,929	-	8,929
Hire purchase payables	6	6	-	6
Financial guarantee contract	-	80,670	-	80,670
	8,935	89,605	-	89,605

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

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (iv) Credit risk

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

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

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

##### **Trade receivables and contract assets**

###### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- An amount of RM29,654,000 (2022: RM80,670,000) relating to a corporate guarantee provided by the Company to bank for subsidiaries' loans and borrowings.

###### Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure to two (2022: two) customers who accounted for 71% (2022: 77%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with these customers and the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**36. FINANCIAL INSTRUMENTS (CONT'D)**

(b) **Financial risk management (Cont'd)**

(iv) **Credit risk (Cont'd)**

**Trade receivables and contract assets (Cont'd)**

Credit risk concentration profile (Cont'd)

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

	<b>Gross carrying amount at default RM'000</b>
<b>Group</b>	
<b>At 31 March 2023</b>	
<b>Contract assets</b>	1,868
<b>Trade receivables</b>	
Current	27,619
1-30 days past due	6,776
31-60 days past due	13,501
61-90 days past due	287
91-120 days past due	124
More than 120 days past due	1,564
	49,871
Impaired - individually	100
	49,971
	51,839

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**36. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(iv) Credit risk (Cont'd)****Trade receivables and contract assets (Cont'd)**Credit risk concentration profile (Cont'd)

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

	<b>Gross carrying amount at default RM'000</b>
<b>Group</b>	
<b>At 31 March 2023</b>	
<b>Contract assets</b>	1,965
<b>Trade receivables</b>	
Current	29,698
1-30 days past due	15,502
31-60 days past due	12,264
61-90 days past due	424
91-120 days past due	411
More than 120 days past due	118
	58,417
Impaired - individually	102
	58,519
	60,484

Receivables that are impaired

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

**Other receivables and other financial assets**

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**36. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial risk management (Cont'd)**

**(iv) Credit risk (Cont'd)**

**Other receivables and other financial assets (Cont'd)**

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

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

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

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

**Lease receivables**

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

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

	Contractually		Gross carrying amount RM'000	Impaired - collectively RM'000	Impaired - individually RM'000	Net carrying amount RM'000
	Undue RM'000	Due RM'000				
<b>Group</b>						
<b>31 March 2023</b>						
Not pass due	21,034	-	21,034	(549)	-	20,485
Past due:						
- 1 to 90 days	10,307	409	10,716	(277)	(108)	10,331
- more than 90 days	1,016	210	1,226	-	(1,226)	-
	11,323	619	11,942	(277)	(1,334)	10,331
	32,357	619	32,976	(826)	(1,334)	30,816

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 36. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management (Cont'd)

## (iv) Credit risk (Cont'd)

## Lease receivables (Cont'd)

	Contractually Undue RM'000	Due RM'000	Gross carrying amount RM'000	Impaired individually RM'000	Net carrying amount RM'000
<b>Group</b>					
<b>31 March 2023</b>					
Not pass due	7,318	–	7,318	–	7,318
Past due:					
- 1 to 90 days	1,963	55	2,018	(210)	1,808
- more than 90 days	31	–*	31	(31)	–
	1,994	55	2,049	(241)	1,808
	9,312	55	9,367	(241)	9,126

## Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM29,655,000 (2022: RM80,670,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 36(b)(iii). As at reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

## (c) Fair value measurement

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

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

There have been no transfers between Level 1 and Level 2 during the financial year (2022: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

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

Group	Carrying amount RM	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
<b>31 March 2023</b>								
<b>Financial assets</b>								
Short-term funds	5,293	5,293	-	-	-	-	5,293	-
<b>Financial liabilities</b>								
Hire purchase payable	(579)	-	-	-	-	-	(589)	(589)
<b>31 March 2022</b>								
<b>Financial assets</b>								
Short-term funds	19,215	-	-	19,215	-	-	19,215	-
<b>Financial liabilities</b>								
Hire purchase payable	(6)	-	-	-	-	-	(6)	(6)



NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 36. FINANCIAL INSTRUMENTS (CONT'D)

## (c) Fair value measurement (Cont'd)

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

Company	Carrying amount RM	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
<b>31 March 2023</b>								
<b>Financial assets</b>								
Short-term funds	668	668	-	-	-	-	-	-
<b>Financial liabilities</b>								
Hire purchase payable	(579)	-	-	-	-	-	(589)	(589)
<b>31 March 2022</b>								
<b>Financial assets</b>								
Short-term funds	13,230	-	-	13,230	-	-	-	-
<b>Financial liabilities</b>								
Hire purchase payable	(6)	-	-	-	-	-	(6)	(6)
<b>Level 3 fair value</b>								
<u>Fair value of financial instruments not carried at fair value</u>								

The fair value of hire purchase payable is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**37. SEGMENT INFORMATION**

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

- i) Apparel – manufacturing and marketing of apparels, manufacturing of seamless bonding, embroidering of logos and emblems, printing and marketing of silk screen printing products.
- ii) Label and packaging – printing of labels and stickers.
- iii) Others – investment holding, provision for management services, credit and medical businesses.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 37. SEGMENT INFORMATION (CONT'D)

	Apparel RM'000	Label and packaging RM'000	Others RM'000	Discontinued operations RM'000	Adjustments and elimination RM'000	Note	Total RM'000
<b>31 March 2023</b>							
<b>Revenue:</b>							
External sales	457,422	425	5,586	14,060	(14,060)		463,433
Inter-segment sales	103,877	160	9,071	169	(113,277)	(a)	-
Total revenue	561,299	585	14,657	14,229	(127,337)		463,433
<b>Results:</b>							
Depreciation and amortisation:							
- property, plant and equipment	8,650	-	269	-	(268)		8,651
- investment properties	253	615	12	-	-		880
Expenses relating to:							
- short term leases	789	-	103	-	-		892
- low value assets	526	-	4	1	(1)		530
Finance costs	4,777	-	1,375	632	(1,980)		4,804
Interest income	(194)	-	(1,909)	(14)	1,362		(755)
Inventories written (back)/down	(6)	-	-	-	-		(6)
Inventories on disposal of property, plant and equipment	(24)	(108)	(83)	-	18		(197)
Gain on disposal of a subsidiary	-	-	-	(6,212)	6,212		-
Net impairment losses/(reversal of impairment losses) on:							
- lease receivables	-	-	1,919	-	-		1,919
- trade and other receivables	(7)	-	-	-	-		(7)
Rental income	(631)	(392)	(122)	-	153		(992)
Waiver of debts	-	-	(6,830)	-	5,839		(991)
Segment profit/(loss)	6,991	(710)	25,880	6,018	(27,944)	(b)	10,235
Tax expense	(2,065)	-	(638)	-	(209)		(2,912)
Profit/(loss) for the financial year	4,926	(710)	25,242	6,018	(28,153)		7,323
<b>Assets:</b>							
Additions to non-current assets	8,053	-	817	-	(520)	(c)	8,350
Segment assets	290,335	8,476	159,161	75,139	(224,996)	(d)	308,115
<b>Segment liabilities</b>	(213,250)	(17,112)	(44,423)	(66,359)	204,676	(e)	(138,468)

NOTES TO THE FINANCIAL STATEMENTS  
 (CONT'D)

## 37. SEGMENT INFORMATION (CONT'D)

	Apparel RM'000	Label and packaging RM'000	Others RM'000	Discontinued operations RM'000	Adjustments and elimination RM'000	Note	Total RM'000
<b>31 March 2022</b>							
<b>Revenue:</b>							
External sales	410,000	5,042	832	56,789	(56,789)		415,874
Inter-segment sales	85,148	410	21,598	5,048	(112,204)	(a)	-
Total revenue	495,148	5,452	22,430	61,837	(168,993)		415,874
<b>Results:</b>							
Bad debts written off	11	-	1	-	-		12
Depreciation and amortisation:							
- property, plant and equipment	7,470	102	176	5,221	(5,322)		7,647
- investment properties	251	582	12	-	2		847
Expenses relating to:							
- short term leases	279	-	24	-	-		303
- low value assets	260	-	2	4	(4)		262
Finance costs	2,744	-	56	1,768	(1,806)		2,762
Interest income	(114)	-	(5)	(50)	50		(119)
Inventories written (back)/down	26	(13)	-	(316)	316		13
Loss on disposal of property, plant and equipment	(463)	261	(1)	(49)	559		307
Impairment losses on lease receivables	-	-	241	-	-		241
Impairment losses on property, plant and equipment	-	1,227	-	-	-		1,227
Property, plant and equipment written off	5	-	-	-	-		5
Rental income	(641)	(67)	(120)	(700)	573		(955)
Segment profit/(loss)	8,430	1,558	11,919	(6,246)	(8,899)	(b)	6,762
Tax (expense)/credit	(1,658)	(25)	(78)	936	(775)		(1,600)
Profit/(loss) for the financial year	6,772	1,533	11,841	(5,310)	(9,674)		5,162
<b>Assets:</b>							
Additions to non-current assets	16,780	-	893	2,889	(6,331)	(c)	14,231
Segment assets	318,143	20,761	139,382	75,313	(234,325)	(d)	319,274
<b>Segment liabilities</b>	241,878	34,991	25,691	60,569	(198,416)	(e)	164,713

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**37. SEGMENT INFORMATION (CONT'D)**

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

	<b>2023</b>	<b>Group</b>
	<b>RM'000</b>	<b>2022</b>
		<b>RM'000</b>
Total revenue for reportable segments	477,662	472,663
Discontinued operations (Note 17)	(14,229)	(56,789)
<hr/>		
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	463,433	415,874
<hr/>		

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

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Impairment loss on investment in subsidiaries	2,453	813
Reversal of allowance for impairment of investment in subsidiaries	-	(312)
Profit from inter-segment sales	(30,397)	(9,400)
<hr/>		
	(27,944)	(8,899)
<hr/>		

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

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
plant and equipment	8,350	14,231
<hr/>		

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

### 37. SEGMENT INFORMATION (CONT'D)

#### Geographical Information

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

	Revenue		Non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Malaysia	5,565	832	28,305	9,735
Cambodia	21,205	22,972	38,771	36,389
The People's Republic of China	190,185	195,329	49,225	54,245
Hong Kong	246,457	196,741	526	331
Singapore	21	–	13	13
	463,433	415,874	116,840	100,713
<b>Discontinued operations</b>				
Malaysia	14,229	56,789	–	45,797
	477,662	472,663	116,840	146,510

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

	2023 RM'000	2022 RM'000
<b>Continuing operations</b>		
Property, plant and equipment	74,663	75,722
Investment properties	16,022	16,831
Intangible assets	14	13
Lease receivables	26,060	7,975
Other receivables	81	172
	116,840	100,713
<b>Discontinued operations</b>		
Property, plant and equipment	–	45,797
	Total non-current assets	146,510
	116,840	146,510

#### Information about major customers

Revenue from five (2022: four) major customers amounted to RM403,508,000 (2022: RM367,212,000), arising from sales by the apparel segment.

## NOTES TO THE FINANCIAL STATEMENTS

### (CONT'D)

#### 38. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 13 June 2023, the Company has subscribed for additional 18,800,000 ordinary shares, representing additional 15% equity interest in the share capital of a subsidiary, Southern Auto Capital Sdn. Bhd. ("SAC") by way of:

- (i) capitalising the amount owing by a subsidiary of RM18,000,000; and
- (ii) bonus issue of 800,000 new ordinary shares in SAC on the basis of one bonus share for every five existing ordinary shares held.

Upon the subscription, the equity interest of the Company in SAC has increased from 80% to 95%.

#### 39. CAPITAL MANAGEMENT

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

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2023 and 31 March 2022.

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

Other than those disclosed in Note 20(c), the Group and the Company are not subject to any externally imposed capital requirements.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Continuing operations</b>				
Loans and borrowings	56,513	59,438	579	6
Trade and other payables	78,922	101,824	5,407	8,929
Short-term funds	(5,293)	(19,215)	(668)	(13,230)
Deposits, cash and bank balances	(60,618)	(35,075)	(21,777)	(12,057)
Net debts from continuing operations	69,524	106,972	(16,459)	(16,352)

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

**39. CAPITAL MANAGEMENT (CONT'D)**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Discontinued operations</b>				
Loans and borrowings	–	52,760	–	–
Trade and other payables	–	7,809	–	–
Deposits, cash and bank balances	–	(8,974)	–	–
Net debts from discontinued operations	–	51,595	–	–
Net debts	69,524	158,567	(16,459)	(16,352)
Equity attributable to the owners of the Company	167,406	163,969	96,248	98,751
<b>Capital and net debt</b>	236,930	322,536	79,789	82,399
<b>Gearing ratio</b>	29%	49%	*	*

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





## **STATEMENT BY DIRECTORS**

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

We, **CHAN WEE BOON** and **CHAN CHOW TEK**, being two of the directors of **PCCS Group Berhad**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 131 to 231 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**CHAN WEE BOON**  
Director

.....  
**CHAN CHOW TEK**  
Director

Date: 21 July 2023

## **STATUTORY DECLARATION**

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

I, **CHAN WEE BOON**, being the director primarily responsible for the financial management of **PCCS Group Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 131 to 231 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....  
**CHAN WEE BOON**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 July 2023.

Before me,

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PCCS GROUP BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of PCCS Group Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 131 to 231.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

### Group

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#### **Inventories (Notes 4(a) and 10 to the financial statements)**

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The Group has significant inventories amounting to RM58,486,425 as at 31 March 2023. The accounting policy for the inventories of the Group is to state inventories at lower of cost and net realisable value. The review of saleability and valuation of inventories at the lower of cost and net realisable value are an area of significant judgement and estimate. The Group write down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group analyses expected sales trend when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

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

#### **Our response:**

Our audit procedures included, among others:

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

#### Key Audit Matters (Cont'd)

##### Group (Cont'd)

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

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The Group has significant trade receivables and lease receivables as at 31 March 2023. In making the assumptions about risk of default and expected loss rate of the trade receivables and lease receivables, the directors selected inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of the reporting period. We focused on this area because the directors made significant judgements over assumptions in this area.

#### **Our response:**

Our audit procedures included, among others:

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

#### **Company**

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

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

#### Responsibilities of the Directors for the Financial Statements

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

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



## INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

### OTHER MATTERS

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

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

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**Ng Zu Wei**  
No. 03545/12/2024 J  
Chartered Accountant

Kuala Lumpur

Date: 21 July 2023

## GROUP PROPERTIES

AS AT 31 MARCH 2023

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
<b>La Prima Medtech Sdn. Bhd.</b>							
1.	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	30	640	04/04/1994*
<b>Keza Sdn. Bhd.</b>							
2.	No. 11A, Jalan 3, Taman Perindustrian Sinaran, 86000 Kluang, Johor, Malaysia.	Factory Building	Freehold	2,002 (2,000)	24	96	04/09/2007
<b>PCCS Garments (Suzhou) Ltd.</b>							
3.	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze, Wu Jiang City, Jiang Su Province, China.	Office and Factory Building	Leasehold expiring 3/11/2052	162,497 (128,325)	21	8,715	28/08/2008
		1 Block of Dormitory	Leasehold expiring 27/07/2058	23,509 (28,710)	15	1,519	21/08/2008
4.	Room 203, 205 & 206, 2nd Floor, Shanghai Western Business District C-2, No. 31, Lot 1555, Jing Sha Jiang Xi Road, Jia Ding Area, Shanghai, China 201803	3 units Office Lot cum 3 units car park	Leasehold expiring 13/09/2056	10,570 (9,462)	10	6,729	30/04/2013
5.	Room 3, 28th Floor, 1st Block, Time Square, Yan Jiang Road No. 159, Jiang An Area, Wuhan City, Hubei Province, China.	1 unit Office Lot	Leasehold expiring 01/03/2053	1,939 (1,939)	19	1,956	09/09/2010
<b>Mega Labels &amp; Stickers (Cambodia) Co., Ltd.</b>							
6.	P2-067, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	2 Blocks of 2 Storey Office and Factory Building	Leasehold expiring 22/07/2062	61,785 (42,614)	11	4,404	23/07/2012
7.	P2-068, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	Factory Building	Leasehold expiring 12/09/2062	56,145 (25,663)	8	2,196	12/09/2012

**GROUP PROPERTIES**  
**(CONT'D)**

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
<b><i>PCCS Garments (Shandong) Limited</i></b>							
8.	ShanDong Province, Shan County YuanYi Street, Lao DingDang Road Off TianYuan Primary School 274300 China.	3 Blocks of 1 Storey Production Floor; 1 Block of 2 Storey Multimedia Room; 1 Block of 1 Storey Staff Canteen 2 Blocks of 1 Storey Warehouses 1 Block of 3 Storey Administrative Office 2 Blocks of 2 Storey Warehouses and 2 Blocks of 3 Storey Hostel	Leasehold Expiring 16/12/2068	496,076 (252,629)	12	19,848	03/09/2019
<b><i>Wan He Da Manufacturing Company Limited</i></b>							
9.	National Road No. 4, Phum Ang, Sangkat Chaom Chau, Khan Pou Senchey, Phnom Penh City, Kingdom of Cambodia.	1 Block of 2 Storey Factory Building; 2 Blocks of 4 Storey Factory and Office Building	Leasehold Expiring 31/12/2075	222,425 (225,217)	15	10,332	10/09/2019

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2023

Total Issued Share Capital : 223,020,907 shares (including 2,430,900 Treasury Shares)  
 Class of Shares : Ordinary Shares  
 Voting rights : One (1) vote per ordinary share

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% ^	No. of Shares	% ^
1 – 99	300	10.06	13,783	0.01
100 – 1,000	329	11.03	206,606	0.09
1,001 – 10,000	1,534	51.42	6,957,390	3.15
10,001 – 100,000	695	23.30	21,930,370	9.94
100,001 and 11,029,499 (*)	121	4.06	81,920,988	37.14
11,029,500 and above (**)	4	0.13	109,560,870	49.67
<b>TOTAL</b>	<b>2,983</b>	<b>100.00</b>	<b>220,590,007 ^</b>	<b>100.00</b>

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

### LIST OF SUBSTANTIAL SHAREHOLDERS

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

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% ^	No. of Shares	% ^
CCS Capital Sdn. Bhd.	92,347,928	41.86	–	–
Chan Choo Sing	8,376,102	3.80	94,250,028 <sup>(1)</sup>	42.73
Tan Kwee Kee	1,902,100	0.86	100,724,030 <sup>(2)</sup>	45.66
Chan Wee Kiang	2,211,964	1.00	92,347,928 <sup>(3)</sup>	41.86
Federlite Holdings Sdn. Bhd.	15,776,800	7.15	–	–
Soh Chak Boo	702,500	0.32	15,776,800 <sup>(4)</sup>	7.15
Mok Puay Kang	300,000	0.14	15,776,800 <sup>(4)</sup>	7.15
Chan Chow Tek	11,536,142	5.23	–	–

#### Notes:

- ^ Calculated based on the total number of issued shares of 220,590,007 ordinary shares excluding Treasury Shares of 2,430,900 ordinary shares
- (1) Deemed interested by virtue of his spouse, Madam Tan Kwee Kee's shareholding in the Company and his direct interest of 40% in the equity of CCS Capital Sdn. Bhd.
- (2) Deemed interested by virtue of her spouse, Mr. Chan Choo Sing's shareholding in the Company and her direct interest of 20% in the equity of CCS Capital Sdn. Bhd.
- (3) Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.
- (4) Deemed interested by virtue of the shares held by him/her in Federlite Holdings Sdn. Bhd.



## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### LIST OF DIRECTORS' SHAREHOLDINGS

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

Directors	Direct Interest		Indirect Interest	
	No. of Shares	% ^	No. of Shares	% ^
Chan Wee Kiang	2,211,964	1.00	92,347,928 <sup>(1)</sup>	41.86
Chan Wee Boon	440,000	0.20	–	–
Chan Chow Tek	11,536,142	5.23	–	–
Dato' Chan Chor Ngiak	5,089,026	2.31	4,665 <sup>(2)</sup>	negligible
Chan Chor Ang	4,607,969	2.09	100,000 <sup>(3)</sup>	0.05
Piong Yew Peng	250,000	0.11	–	–
Joyce Wong Ai May	60,000	0.03	–	–
Goh Wen Ling	–	–	–	–

#### Notes:

- ^ Calculated based on the total number of issued shares of 220,590,007 ordinary shares excluding Treasury Shares of 2,430,900 ordinary shares
- <sup>(1)</sup> Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.
- <sup>(2)</sup> Deemed interested by virtue of his spouse, Datin Mok Gwa Nang's shareholding in the Company.
- <sup>(3)</sup> Deemed interested by virtue of his spouse, Madam Chia Lee Kean's shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS  
(CONT'D)

**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Shareholders	Number of Shares	% ^
1	CCS Capital Sdn Bhd	53,647,928	24.32
2	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for CCS Capital Sdn Bhd	28,600,000	12.97
3	Federlite Holdings Sdn Bhd	15,776,800	7.15
4	Chan Chow Tek	11,536,142	5.23
5	Maybank Nominees (Tempatan) Sdn Bhd CCS Capital Sdn Bhd	10,100,000	4.58
6	Chan Choo Sing	8,376,102	3.80
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Kok Wah	7,920,900	3.59
8	Dato' Chan Chor Ngiak	5,089,026	2.31
9	Chan Chor Ang	4,607,969	2.09
10	Chan Wee Kiang	2,211,964	1.00
11	Chan Wah Kiang	2,000,000	0.91
12	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kwee Kee	1,902,100	0.86
13	Ching Gek Lee	1,900,000	0.86
14	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Foo Kong	1,602,900	0.73
15	Lee Bee Seng	1,524,000	0.69
16	Ban Hock Seng Sdn Bhd	1,450,000	0.66
17	Chan Wah Kiang	1,300,000	0.59
18	Low Hing Noi	1,300,000	0.59
19	Gek Lee Enterprise Sdn Bhd	1,250,000	0.57
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim King Hua	1,200,000	0.54
21	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Seong Liam	1,000,000	0.45
22	Syarikat Rimba Timur (RT) Sdn Bhd	1,000,000	0.45
23	Lim Poh Teot	876,866	0.40
24	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Choy	850,000	0.39
25	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Goo @ Law Yeow Ching	850,000	0.39
26	Soh Chak Boo	702,500	0.32
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	663,350	0.30
28	Cartaban Nominees (Asing) Sdn Bhd	611,300	0.28
29	Siow Kok Chian	574,300	0.26
30	Ravi A/L Doraisamy	500,000	0.23
		170,924,147	77.48

**Note:**

^ Calculated based on the total number of issued shares of 220,590,007 ordinary shares excluding Treasury Shares of 2,430,900 ordinary shares

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

**FORM OF PROXY**

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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

\_\_\_\_\_ Registration No./NRIC No. \_\_\_\_\_ of

\_\_\_\_\_ (Full Address)

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

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

of \_\_\_\_\_

\_\_\_\_\_ (Full Address)

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

of \_\_\_\_\_

\_\_\_\_\_ (Full Address)

or failing \*him/her, the CHAIRMAN OF THE MEETING, as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the Twenty-Ninth (“**29th**”) Annual General Meeting of the Company to be held at PCCS Group Berhad’s Corporate Office, Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim on Monday, 28 August 2023 at 10:00 a.m. or at any adjournment thereof.

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

No.	Resolutions		For	Against
1.	To re-elect Ms. Goh Wen Ling as Director (Clause 115)	(Resolution 1)		
2.	To re-elect Mr. Chan Chor Ang as Director (Clause 117)	(Resolution 2)		
3.	To re-elect Mr. Piong Yew Peng as Director (Clause 117)	(Resolution 3)		
4.	To approve the payment of Directors’ fees for the financial year ended 31 March 2023	(Resolution 4)		
5.	To approve the benefits payable to the Independent Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016	(Resolution 5)		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration	(Resolution 6)		
<b>As Special Business</b>				
7.	<u>Ordinary Resolution</u> - Authority to Issue Shares pursuant to the Companies Act 2016	(Resolution 7)		
8.	<u>Ordinary Resolution</u> - Proposed Renewal of Share Buy-Back Authority	(Resolution 8)		
9.	<u>Ordinary Resolution</u> - Proposed Allocation of Employees’ Share Option Scheme Options to Ms. Goh Wen Ling	(Resolution 9)		

\* Strike out whichever not applicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Member/Common Seal



**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 August 2023 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the member at the Meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting and upon appointment, a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. Where a member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
4. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.
7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - (a) the constitution of the quorum at such meeting;
  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

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AFFIX  
STAMP

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

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

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**PCCS GROUP BERHAD**

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

Lot 1376, GM 127,  
Mukim Simpang Kanan,  
Jalan Kluang, 83000 Batu Pahat,  
Johor Darul Takzim

Tel No: +607-456 8871 / +6012-794 0574

[www.pccsgroup.net](http://www.pccsgroup.net)