PCCS GROUP BERHAD

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

Passion
Care
Commitment
Sustainability

ANNUAL REPORT 2021

contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh (“**27th**”) Annual General Meeting of the Company will be held on a fully virtual basis via remote participation and voting through online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ provided by SS E Solutions Sdn. Bhd. on Wednesday, 22 September 2021 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 2021 together with the Reports of the Directors and the Auditors thereon. — **Please refer to Explanatory Note B1**

2. To re-elect the following Directors who retire pursuant to Clause 115 of the Company’s Constitution, and being eligible, have offered themselves for re-election:-

   (a) Mr. Chan Wee Kiang — **Resolution 1**
   (b) Mr. Chan Wee Boon — **Resolution 2**
   (c) Ms. Joyce Wong Ai May — **Resolution 3**

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:-

   (a) Mr. Julian Lim Wee Liang — **Resolution 4**
   (b) Mr. Piong Yew Peng — **Resolution 5**

4. To approve the payment of Directors’ fees amounting to RM457,000/- for the financial year ended 31 March 2021. — **Resolution 6**

5. To approve the benefits payable to the Independent Non-Executive Directors up to RM30,000/- for the period from 22 September 2021 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016. — **Resolution 7**

6. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of next Annual General Meeting and to authorise the Directors to fix their remuneration. — **Resolution 8**

As Special Business

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

7. **ORDINARY RESOLUTION** — **Resolution 9**
   - RETENTION OF MR. JULIAN LIM WEE LIANG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

   “THAT subject to the passing of Resolution 4, Mr. Julian Lim Wee Liang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”

8. **ORDINARY RESOLUTION** **Resolution 10**
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

"THAT pursuant to the Companies Act 2016 and the Constitution of the Company and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Malaysia Securities Berhad pursuant to Bursa Malaysia Securities Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers thereafter ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

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

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

9. **ORDINARY RESOLUTION** **Resolution 11**
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the Companies Act 2016, the Constitution of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") as set out in the Company's Circular to Shareholders dated 24 August 2021 with the related parties mentioned therein subject further to the following:-

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

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

(a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016]; or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier,

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

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

10. **ORDINARY RESOLUTION** **Resolution 12**
- PROPOSED ALLOCATION OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OPTIONS TO MS. JOYCE WONG AI MAY

"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. Joyce Wong Ai May, 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."

11. **ORDINARY RESOLUTION** **Resolution 13**
- PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY ("PROPOSED SHARE BUY-BACK")

"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;

(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."

12. 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
24 August 2021

Notes:

(A) Information for Shareholders/Proxies

1. The members are advised to refer to the Administrative Guide on the registration, participation and voting process for the 27th Annual General Meeting.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 September 2021 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

3. 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.

4. 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.

5. 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.

6. 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.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

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

7. The instrument appointing a proxy must be deposited at SS E Solutions 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 or submit electronically via Securities Services e-Portal at https://sshsb.net.my/ before the proxy form submission cut-off time as mentioned above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

8. 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 2021

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

(C) Resolution 9 – Retention of Mr. Julian Lim Wee Liang as an Independent Non-Executive Director

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

(D) Resolution 10 – Authority to Issue Shares pursuant to the Companies Act 2016

1. The Company intended to renew the authority granted to the Directors of the Company at the Twenty-Sixth Annual General Meeting of the Company held on 24 August 2020 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being ("**20% General Mandate**").

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

   As part of the initiative from Bursa Malaysia Securities Berhad to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Malaysia Securities Berhad's requirements, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Malaysia Securities Berhad had vide a letter dated 16 April 2020 allows a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad of not more than 20% of the total number of issued shares for the general issue of new securities.

(D) Resolution 10 – Authority to Issue Shares pursuant to the Companies Act 2016 (Cont'd)

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

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

The Company wishes to obtain the 20% General Mandate. The 20% General Mandate, unless revoked or varied by the Company in a general meeting, would expire at the end of the concession period, i.e. by 31 December 2021. Upon the expiration of the concession period, the 10% limit under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad will be reinstated and until the conclusion of the Twenty-Eighth Annual General Meeting in year 2022.

(E) Resolution 11 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

1. The Proposed Resolution 11 is to renew the Shareholders' Mandate for Recurrent Related Party Transactions granted by the shareholders of the Company at the Twenty-Sixth Annual General Meeting held on 24 August 2020. The proposed renewal of shareholders' mandate will enable the Company and its subsidiaries to enter into any of the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those general available to the public and are not, in the Company's opinion, detrimental to the minority shareholder of the Company.

(F) Resolution 12 – Proposed Allocation of ESOS Options to Ms. Joyce Wong Ai May

1. The Proposed Resolution 12 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 12, if passed, will allow the Board to authorise the ESOS Committee to offer and grant ESOS options to Ms. Joyce Wong Ai May, 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. Joyce Wong Ai May, 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.

(G) Resolution 13 – Proposed Share Buy-Back

1. The Proposed Resolution 13 is to obtain Shareholders' Mandate for Proposed Share Buy-Back, if passed, will empower the Board of Directors of the Company to purchase the Company's ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

ADMINISTRATIVE GUIDE

SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

(referred to as "**e-Services**")

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by PCCS Group Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal**.

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?
Please contact Mr Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Mr. Saravanan A/L Gupal (DID: +603 2084 9120) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours, on Monday to Friday from 8:30 a.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshsb.com.my.

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal
Only if you are not an existing registered user

(B) Register for Remote Participation
Where you wish to participate remotely at the meeting

OR

(C) Submit e-Proxy Form
Where you wish to appoint proxy(ies) to participate remotely on your behalf (you may also submit the hard copy Proxy Form)

ON THE DAY OF THE MEETING

(D) Join the Live Stream Meeting (eLive)

AND

(E) Vote Online Remotely during the Meeting (eVoting)

BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

Step 1 Visit https://sshsb.net.my/
Step 2 Sign up for a user account
Step 3 Wait for our notification email that will be sent within one (1) working day
Step 4 Verify your user account within seven (7) days of the notification email and log in

- **We require one (1) working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below.**
- **Your registered email address is your User ID.**

ALL SHAREHOLDERS MUST REGISTER AS A USER BY 16 SEPTEMBER 2021

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Wednesday, 22 September 2021 at 10:00 a.m.	**Monday, 20 September 2021 at 10:00 a.m.**

- Log in to https://sshsb.net.my/ with your registered email and password
- Look for **PCCS Group Berhad** under Company Name and **27th AGM on 22 September 2021 at 10:00 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click "**>**" to register for remote participation at the meeting.

Step 1 Check if you are attending as –
- Individual shareholder
- Corporate or authorised representative of a body corporate
  For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.

Step 2 Submit your registration.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to all the **CDS account(s)** of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a fully virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Wednesday, 22 September 2021 at 10:00 a.m.	**Monday, 20 September 2021 at 10:00 a.m.**

- Log in to https://sshsb.net.my/ with your registered email and password
- Look for **PCCS Group Berhad** under Company Name and **27th AGM on 22 September 2021 at 10:00 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click "**>**" to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –
- Individual shareholder
- Corporate or authorised representative of a body corporate
  For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).
You are strongly encouraged to appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will need to register as Users of the e-Portal under (A) above by 16 September 2021. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to https://sshsb.net.my/ with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Wednesday, 22 September 2021 at 10:00 a.m.	**Wednesday, 22 September 2021 at 9:30 a.m.**

➢ Look for **PCCS Group Berhad** under Company Name and **27th AGM on 22 September 2021 at 10:00 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click "**>**" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Wednesday, 22 September 2021 at 10:00 a.m.	**Wednesday, 22 September 2021 at 10:00 a.m.**

➢ If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
➢ If are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **PCCS Group Berhad** under Company Name and **27th AGM on 22 September 2021 at 10:00 a.m. – Remote Voting** under Corporate Exercise / Event and click "**>**" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

CORPORATE STRUCTURE
AS AT 24 AUGUST 2021

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

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

- 100% PCCS Garments Limited
- 100% Beauty Apparels (Cambodia) Ltd
- 100% JIT Textiles Limited
- 100% PCCS Garments (Suzhou) Ltd
  - 51% PCCS Garments (Shandong) Ltd
- 100% PCCS (Hong Kong) Limited
  - 60% Ample Apparels Limited
- 100% Thirty Three (Hong Kong) Limited
  - 100% Thirty Three (Shanghai) Limited
- 100% Thirty Three Trading Sdn Bhd
  - 100% Beauty Silk Screen (M) Sdn Bhd
    - 100% Beauty Silk Screen Limited
- 100% Beauty Electronic Embroidering Centre Sdn Bhd
  - 100% JIT Embroidery Limited
- 100% Keza Sdn Bhd
  - 100% Keza (Cambodia) Limited
  - 100% Wan He Da Manufacturing Company Limited
- 100% Perfect Seamless Garments (Cambodia) Limited
- 100% Mega Labels & Stickers Sdn Bhd
  - 100% Mega Labels & Stickers (Cambodia) Co, Ltd
- 100% Mega Label (Malaysia) Sdn Bhd
  - 51% Mega Label (Penang) Sdn Bhd
- 70% La Prima Medicare Pte Ltd
- 100% La Prima Medtech Sdn Bhd
- 80% Southern Auto Capital Sdn Bhd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chan Choo Sing
Group Executive Chairman

Chan Wee Kiang
Group Managing Director

Chan Wee Boon
Executive Director

Chan Chow Tek
Non-Independent Non-Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

Chan Chor Ang
Non-Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Director

Piong Yew Peng
Independent Non-Executive Director

Joyce Wong Ai May
Independent Non-Executive Director

AUDIT COMMITTEE

Piong Yew Peng *(Chairman)*

Julian Lim Wee Liang

Dato' Chan Chor Ngiak

NOMINATION COMMITTEE

Julian Lim Wee Liang *(Chairman)*

Piong Yew Peng

Dato' Chan Chor Ngiak

Chan Choo Sing

REMUNERATION COMMITTEE

Piong Yew Peng (Chairman)

Julian Lim Wee Liang

Dato' Chan Chor Ngiak

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689)

Cheng Chia Ping
(SSM PC NO. 202008000730)
(MAICSA 1032514)

REGISTERED OFFICE AND CORPORATE OFFICE

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

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
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 / 2095 0292

AUDITORS

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

SOLICITORS

Enolil 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 BANKERS

- Malayan Banking Berhad
- CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

CORPORATE WEBSITE

http://www.pccsgroup.net/

CORPORATE CALENDAR

1 April 2020 to 24 August 2021

16 June 2021
Quarterly report on consolidated results for the financial period ended 31/03/2021

22 May 2021
Entered into Exclusive Distribution Agreement with Shanghai Shenqi Medical Technology Co., Ltd. to appoint La Prima Medicare Pte. Ltd. as the exclusive distributor within Asia-Pacific Region (excluding China and Japan)

19 April 2021
Incorporation of subsidiary – Southern Auto Capital Sdn. Bhd.

12 April 2021
Signing of Shareholders Agreement with Mr. See Kok Wah for establishing and operating used vehicles financing and insurance business within Southern Peninsular States – Johor and Melaka

23 February 2021
Quarterly report on consolidated results for the financial period ended 31/12/2020

15 December 2020
Signing of Memorandum of Understanding between PCCS and Shanghai Shenqi Medical Technology Co., Ltd.

24 November 2020
Quarterly report on consolidated results for the financial period ended 30/09/2020

2 November 2020
Newly appointed to the Board of Directors:
- Chan Wee Kiang
- Chan Wee Boon
- Joyce Wong Ai May

14 October 2020
Incorporation of subsidiary – Mega Label (Penang) Sdn. Bhd.

28 August 2020
Quarterly report on consolidated results for the financial period ended 30/06/2020

24 August 2020
26th Annual General Meeting

26 June 2020
Incorporation of subsidiary – La Prima Medicare Pte. Ltd.

29 May 2020
Quarterly report on consolidated results for the financial period ended 31/03/2020

PROFILE OF DIRECTORS

CHAN CHOO SING

Group Executive Chairman
Malaysian | Aged 67 | Male

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

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

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

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

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

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021.

PROFILE OF DIRECTORS
(CONT'D)

CHAN WEE KIANG

Group Managing Director
Malaysian | Aged 43 | Male

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 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 (the Director and major shareholder of PCCS) and Madam Tan Kwee Kee (the major shareholder 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 company and listed company.

He attended all two (2) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021 since his appointment.

PROFILE OF DIRECTORS
(CONT'D)

CHAN WEE BOON

Executive Director
Malaysian | Aged 41 | Male

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

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

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

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

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

He attended all two (2) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021 since his appointment.

CHAN CHOW TEK

Non-Independent Non-Executive Director
Malaysian | Aged 64 | Male

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

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

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

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

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

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021.

PROFILE OF DIRECTORS
(CONT'D)

DATO' CHAN CHOR NGIAK

Non-Independent Non-Executive Director
Malaysian | Aged 59 | Male

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 carreer in 1980 in marketing the products of Chan Trading to local department stores. He has continuously established connections with many business executives in the Chamber of Commerce and Associations. He is the Honorary President of the Chinese Chamber of Commerce in Batu Pahat and the Chairman of the Chinese Association in Parit Raja, Batu Pahat.

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

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

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

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021.

CHAN CHOR ANG

Non-Independent Non-Executive Director
Malaysian | Aged 58 | Male

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

He completed his Junior Middle Three in Chinese High School. He joined Perusahaan Chan Choo Sing Sdn. Bhd. (currently known as La Prima Medtech Sdn. Bhd.) in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the Factory Manager in 1985. He has more than thirty (30) years of experience in the textile and garment industry.

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

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

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021.

PROFILE OF DIRECTORS
(CONT'D)

JULIAN LIM WEE LIANG

Senior Independent Non-Executive Director
Malaysian | Aged 47 | Male

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

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

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

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021.

PIONG YEW PENG

Independent Non-Executive Director
Malaysian | Aged 51 | Male

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

Mr. Piong holds a Bachelor of Business (Accounting) from RMIT University, Melbourne, Australia. He is a member of Malaysian Institute of Accountants and also a fellow member of the Certified Practising Accountants (CPA) Australia. Mr. Piong has more than twenty five (25) years of experience in providing audit and accounting services to wide range of clients.

Mr. Piong does not have any family relationship with any Director or major shareholder of the Company. He served as the Independent Director of SWS Capital Berhad until 6 January 2021. Presently, he is the Director of public companies, namely The Pay Fong School Berhad and Premier Pay Fong Foundation. In additon, he has no directorships in other listed company.

He attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021.

JOYCE WONG AI MAY

Independent Non-Executive Director
Malaysian | Aged 45 | Female

Ms. Joyce was appointed to the Board on 2 November 2020.

Ms. Joyce graduated from the University of Tasmania with a Bachelor of Commerce, major in Accounting and Finance. She is a member of the Malaysian Institute of Accountants and Certified Practicing Accountants (CPA) Australia and also the Institute of Internal Auditors Malaysia.

She started her career with Smith Zain Securities Sdn. Bhd. as an Accounts Executive in 1999 and was subsequently promoted as Head of Finance in 2002 under BBMB Securities Sdn. Bhd., Penang Branch (BBMB Securities Sdn. Bhd. took over the business of Smith Zain Securities Sdn Bhd). Ms. Joyce joined Hwang-DBS Securities Berhad in 2004 and then left the company to join an international accounting firm in 2005 and promoted as Director in 2015, before setting up her own consultancy firm where she is the founder and also a Director of JWC Consulting Sdn. Bhd. She also sits on the Industry Advisory Panel of the School of Business for Disted College, Penang. She is the Members' State Representative for Certified Practicing Accountants Australia, a member of the Finance Committee of a non-profit organisation and also an Independent Non-Executive Director and Audit Committee Chairman of Dufu Technology Corp. Berhad.

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

She attended all two (2) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2021 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 2021.

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

PROFILE OF KEY SENIOR MANAGEMENT

TANG LAI HUAT

Corporate Controller
Malaysian | Aged 38 | Male

Mr. Tang was appointed as Financial Controller of PCCS Group Berhad ("**PCCS**") on 1 September 2016 and subsequently appointed as Corporate Controller on 1 March 2018. Mr. Tang leads and oversees the Corporate Office and finance and accounting functions of the Group. He acts as a strategic partner by developing and implementing the operational policies and strategic plan in the Group. Currently he is also leading the newly established Medical Division of PCCS.

Mr. Tang holds a Doctorate Degree in Business Administration from International American University, a Master of Business Administration from Business School Netherlands, an EMBA (CEO Class) from Tsinghua University, China, an EMBA from City University of Hong Kong and a Certificate in Financial Strategies for Cross Border Expansion from Harvard Business School.

Mr. Tang began his career as an Audit Assistant in LNB Management Consultancy. After that he joined several manufacturing companies and gained extensive experience in manufacturing industry and overall corporate operation. He was the Financial Controller of LimKokWing University of Creative Technology before he joined the Group in year 2013. He was appointed as the General Manager of Finance & Account in JIT Textiles Limited, one of the subsidiaries of the Company. He was then relocated to the Company's Corporate Office as Financial Controller in 2016 and was promoted as Corporate Controller since March 2018. Mr. Tang is also a committee member of Chung De Classics Education Association Malaysia.

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

Other than traffic offences, if any, he does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2021.

PROFILE OF KEY SENIOR MANAGEMENT
(CONT'D)

TAN KWEE KEE

Manufacturing Director
Malaysian | Aged 63 | Female

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

Prior to the establishment of PCCS, Madam Tan started her career in Chan Trading in 1973 as the first employee. After twenty-three (23) years of struggle with her husband, Mr. Chan Choo Sing, they have successfully listed PCCS in the Main Market of Bursa Malaysia Securities Berhad.

With her extensive industry experience accumulated for the past forty-eight (48) years in the management of business operation, marketing, sales and development of new business, Madam Tan has been instrumental in the growth and development of PCCS and the commencement of those subsidiaries in Cambodia and People's Republic of China. Being an integral part of the management team, Madam Tan is jointly responsible for the implementation of PCCS's broad operational strategies and policies. She also oversees the day-to-day operations and performance of the manufacturing sector of those subsidiaries.

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

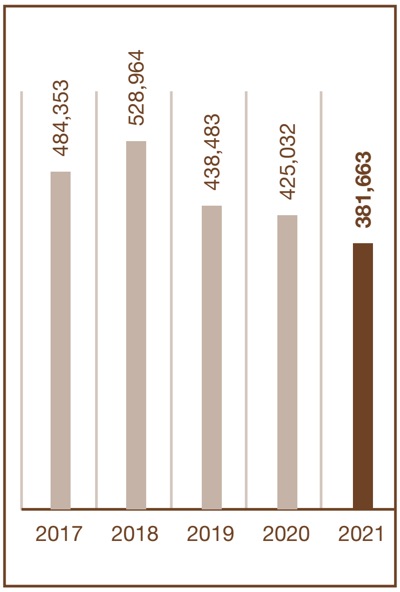
Madam Tan has no directorships in other public company and listed company and she does not have any conflict of interest with PCCS.

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

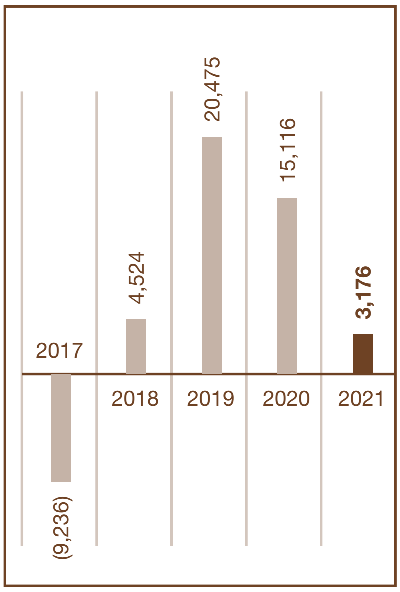
Other than traffic offences, if any, she does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2021.

FIVE (5) YEARS' FINANCIAL HIGHLIGHTS

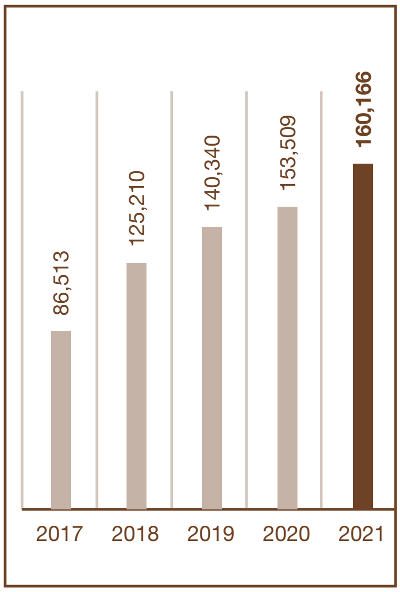
REVENUE
(RM'000)



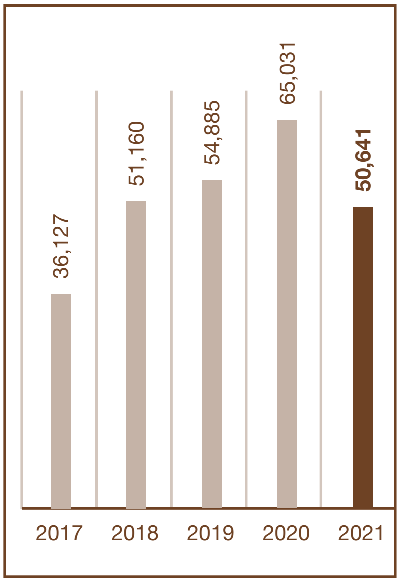
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



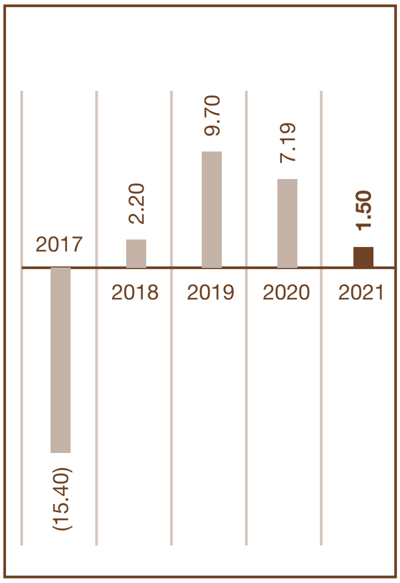
SHAREHOLDERS' FUND
(RM'000)



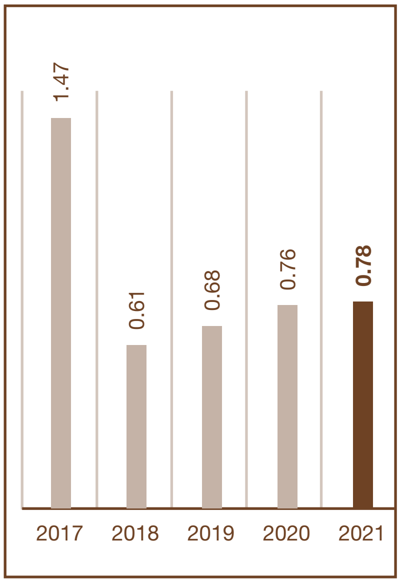
SHORT-TERM FUND*, CASH AND CASH EQUIVALENTS
(RM'000)



EARNINGS/(LOSS) PER SHARE
(Sen)



NET ASSETS PER SHARE
(RM)



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

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you PCCS Group Berhad's ("**PCCS**") Annual Report 2021 and the Audited Financial Statements for the financial year ended 31 March 2021 ("**FY2021**") ("**AFS 31 March 2021**").

A Challenging Year

It has been more than one and a half year since the outbreak of coronavirus disease ("**COVID-19**"), which was first diagnosed in December 2019 and the world is still suffering from pandemic fatigue. Many countries in the world are either currently experiencing or are going to face a possible third wave of COVID-19 infections, causing by the spread of new variants of COVID-19 virus. This will lead to further lockdown restrictions being implemented by the governments of these countries. The lockdown has slowed down the COVID-19 outbreak, but it has also further delayed the states reopening, which greatly hit the economy of these countries. Unfortunately, Malaysia is one of the countries deeply affected by the pandemic fatigue.

During the FY2021, the pandemic has greatly affected our business operations, especially the demand of apparel products, delay in shipment of goods to buyers and the competitive pricing in the label and packaging segment. Despite this, I am pleased to inform you that we have ended the FY2021 in a positive note by adapting to the abovementioned challenges.

Performance Review

During the FY2021, the Group recorded lower revenue of RM381.66 million as compared to RM425.03 million achieved in the previous financial year and the pre-tax profit of the Group for the period under review recorded at a profit of RM3.18 million as compared to the pre-tax profit of RM15.12 million recorded in the previous financial year. The lower revenue and lower profit were mainly due to the softer demand of apparels after the outbreak of COVID-19 pandemic, as well as the slowdown in the label and packaging business in Cambodia. On the other hand, our new factory in Shandong, China has yet to achieve optimal performance upon acquisition of the plant in September 2019.

Our Competitive Advantage

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

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

We also always ensure that every cent we spent were at the right place and right time, and that is why we are currently having a very solid financial ground of having RM50.64 million cash and bank reserves ready to serve any emergency situation, if arises. We have managed to maintain an optimal gearing ratio of 40% so that we could easily approach the banks for facilities, when necessary.

Furthermore, we also see the crisis brought by COVID-19 pandemics as an opportunity for us to diversify our businesses into other industries with such a solid financial ground and therefore, PCCS has successfully ventured into two (2) new business segments i.e. hire-purchase financing and medical business during the FY2021.

CHAIRMAN'S LETTER TO SHAREHOLDERS
(CONT'D)

Corporate Activities

As one of the public listed companies in Malaysia, PCCS always wanted to explore more business opportunities after we transferred our Apparel Segment's business operations to Cambodia and China. During the FY2021, we have successfully completed few corporate activities in order to expand our businesses in Malaysia.

On 26 June 2020, PCCS incorporated a new subsidiary, namely La Prima Medicare Pte. Ltd. ("**LPM**") in Singapore, which marked PCCS's first step towards venturing into medical and healthcare industry. On 15 December 2020, PCCS signed the Memorandum of Understanding ("**MOU**") with Shanghai Shenqi Medical Technology Co., Ltd. ("**Shenqi**"), and subsequently entered into an Exclusive Distribution Agreement with Shenqi to appoint LPM as its exclusive distributor within Asia-Pacific Region (excluding People's Republic of China and Japan).

In the same year, to expand our Label and Packaging Segment in Malaysia, one of our wholly-owned subsidiaries, namely Mega Label (Malaysia) Sdn. Bhd. had on 14 October 2020 incorporated a 51%-owned subsidiary company under the name of Mega Label (Penang) Sdn. Bhd. This move allows our Label and Packaging Segment to penetrate into the Northern Region markets in Malaysia.

On 19 April 2021, PCCS incorporated an 80%-owned subsidiary, namely Southern Auto Capital Sdn. Bhd. to establish and operate used vehicles financing and insurance business within Southern Peninsular States Malaysia, which includes Melaka and Johor.

Appreciation and Acknowledgement

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

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

Yours sincerely,

Chan Choo Sing
Group Executive Chairman

24 August 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the executive management of the PCCS Group Berhad ("**PCCS**"), I am pleased to present the Management's Discussion and Analysis ("**MD&A**") for your information. The MD&A aims to provide you and the stakeholders with an overview of our business, operations and financial performance of PCCS and its subsidiaries ("**the Group**") for the financial year ended ("**FYE**") 31 March 2021 ("**FY2021**").

OUR BUSINESS

The mission of PCCS is to make investment that changes the world and our vision to build up a great platform with happy stakeholders. In order to realise our mission, we have pursued a concentrated growth strategy which involves the setting-up of various specialised subsidiaries to supplement the services of embroidery, printing, seamless bonding, labels, marketing and distribution of products overseas, in addition to the core business of garment manufacturing and marketing.

Began from in-house needs and demand, Mega Label (Malaysia) Sdn. Bhd. was established in 1987 to supply apparels labels to its sister company. After years of expansion, our labels printing division covers a wide range of market segments including pharmaceutical, electronics, personal care and cosmetics, food and beverages, household and toiletries and industrial products. Products include prime labels, heat-transfer labels, in mould labels, textiles labels, twill-tape and promotional labels.

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

The Group always believes that technology is the key to remain competitive in the challenging market environment and catching up with fast-changing global business trend and therefore, our factories are well equipped with the necessary tools in every stage of job processing.

KEY BUSINESS UNITS

In order to realise our vision and mission, the Group has been organised into business units based on their products and services, and has three (3) reportable operating segments as follows: -

(i) Apparel Division

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

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

(a) Apparel Division: -

Manufacturing location - Cambodia
- Wan He Da Manufacturing Company Limited

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 provide design service – based in PRC
- Thirty Three (Shanghai) Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONT'D)

KEY BUSINESS UNITS (CONT'D)

(ii) Label and Packaging Division

The core activities of the Label and Packaging Division are the printing of labels and stickers for garment and other products, to mainly meet the in-house requirements of the Apparel Division.

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

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

(iii) Others

The Others Division include investment holding and provision for management services, manufacturing of seamless bonding; printing and marketing of silk screen printing products and etc.

The entities under this Division are: -

(a) Investment holding
- PCCS Group Berhad – being the holding company of the Group

(b) Facilities in Cambodia
- Beauty Silk Screen Limited
- Perfect Seamless Garment (Cambodia) Limited

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

FINANCIAL HIGHLIGHTS

Economy and Market Outlook

In year 2020, the world had experienced the worst economic downturn caused by the outbreak of coronavirus diseases ("**COVID-19**") pandemic since December 2019. Many countries in the world chose to lock down their countries to reduce import cases from overseas. To contain the pandemic, the countries have implemented policies or standard operating procedures ("**SOP**") like shutting down all non-essential business activities to reduce workplace infections, necessary quarantines and practicing social distancing in public areas. Economic stimulus packages have been introduced by governments of affected countries in order to stimulate the economy and provide assistance to businesses and enterprises which were deeply affected due to the lockdown.

However, the spread of the new variants of COVID-19 in year 2021 which are even dreadful and have highly spreading power has caused infections to spike up in many countries and these countries are now facing the third wave of possible COVID-19 infections. Non-essential businesses were forced to shut down their operations again to reduce workplace infections. It has caused many businesses unable to sustain and choose to lay off workers in order to sustain their businesses. The high unemployment rate in the community becomes another serious issue that the countries need to address to.

In order to survive from this global crisis, sufficient cash flows must be maintained by the companies or businesses in order to meet any unforeseen circumstances and to secure any possible opportunities, since the banks have now tightened up their lending standards to reduce their risks. Companies or businesses must be able to keep up with the changes of consumer's behaviour so that it won't be eliminated from the game.

FINANCIAL HIGHLIGHTS (CONT'D)

Economy and Market Outlook (Cont'd)

Although the outlook for year 2021 looks volatile and uncertain, we have managed to end our FY2021 on a positive note. Our management team always full of enthusiasm and are committed to keep on improving the business operations. Our strong financial ground has also given us great confidence that we can survive the crisis. Therefore, we present to you our financial performance for FY2021 as below: -

Summary Financial Performance

The summary of the financial performance extracted from the Audited Financial Statements for the FYE 31 March 2020 ("**FY2020**") and FY2021 are as follows: -

	FYE	
	31 March 2020 (RM'000)	**31 March 2021 (RM'000)**
Revenue	425,032	381,663
Gross profit	84,526	74,798
Profit After Tax ["**PAT**"] attributable to owners of the Company	15,116	3,177
Weighted average number of Shares in issue ('000)	210,403	213,959
Earnings Per Share ["**EPS**"] / (sen):	7.2	1.5
Gross profit margin (%)	19.89	19.60
PAT margin (%)	3.56	0.83

Operating Segments Information

Summary of the revenue and Operating Profit/(Operating Loss) based on the Group's operating segments for the FY2020 as well as the Audited Financial Statements for the FY2021 are as follows: -

	FYE	
	31 March 2020 (RM'000)	**31 March 2021 (RM'000)**
External revenue		
Apparel	341,763	307,069
Label and Packaging	61,891	59,124
Others*	21,378	15,470
Total	425,032	381,663
Operating Profit/(Loss)		
Apparel	16,111	10,505
Label and Packaging	(9,705)	(5,331)
Others*	3,423	1,986
Inter-company adjustments and eliminations	5,756	(3,835)
Total	15,585	3,325

Note:

* *Others division includes investment holding and provision of management services, manufacturing of seamless bonding, embroidering of logos and emblems, printing and marketing of silk screen printing products.*

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational Review

(i) Apparel Division

The revenue from the Group's Apparel division decreased by approximately 10.15% or RM34.69 million from approximately RM341.76 million recorded in the FY2020 to approximately RM307.07 million in the FY2021. The Group's Apparel division registered an Operating Profit of approximately RM10.51 million in the FY2021 as compared to an Operating Profit of approximately RM16.11 million in the FY2020. The decrease in both revenue and Operating Profit were mainly due to softer demand in the apparel segment after the outbreak of COVID-19 pandemic. Moreover, our new factory in Shandong, China has yet to achieve optimal performance upon the acquisition of the plant in September 2019.

(ii) Label and Packaging Division

The revenue from the Group's Label and Packaging Division decreased by approximately 4.48% or RM2.77 million from approximately RM61.89 million recorded in the FY2020 to approximately RM59.12 million in the FY2021. The decrease in revenue was mainly due to the slowed down on the label and packaging business in Cambodia.

The Group's Label and Packaging division registered an Operating Loss of approximately RM5.33 million in the FY2021 as compared to an Operating Loss of approximately RM9.70 million in the FY2020. The decrease in losses was mainly due to the downsize in the label and packaging business in Cambodia which prevented further losses.

(iii) Others

The revenue from the Group's Others Division decreased by approximately 27.64% or RM5.91 million from approximately RM21.38 million recorded in the FY2020 to approximately RM15.47 million in the FY2021. The revenue decrease was mainly due to lesser external orders secured from printing and embroidering divisions after the outbreak of COVID-19 pandemic.

Operating Profit of the Group's Others Division decreased by RM1.44 million from RM3.42 million in the FY2020 to RM1.99 million in the FY2021, mainly due to lesser dividends received from subsidiaries in the investment holding company compared with the FY2020.

FUTURE BUSINESS OUTLOOK

(i) Apparel Division

Although the outbreak of COVID-19 pandemic in every country in the world has brought a shock to every enterprise, it also brings opportunities to some enterprises that know how to seize the opportunity.

In Cambodia, the pandemic in recent months is getting worst, but it is well-controlled. We have actively arranged vaccination for the employees in Cambodia as well as PRC. More than 70% of the employees in these two (2) countries have been vaccinated. This will reduce the potential for a sudden closure of the plant in these two (2) countries due to COVID-19.

FUTURE BUSINESS OUTLOOK (CONT'D)

(i) Apparel Division (Cont'd)

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

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

(ii) Label and Packaging Division

For our label and packaging division, both our footprint in Malaysia and Cambodia were facing stricter control measures implemented by the local authorities. Malaysian Government had reimposed Movement Control Order restrictions (currently known as National Recovery Plan) on 1 June 2021 until today in response to a spike in COVID-19 cases. Manufacturing plants are only allowed to operate at sixty per cent (60%) capacity, which has restricted production and exports. Similar lockdown practiced by Cambodian Government after its largest outbreak been detected in February 2021 and its first death on 11 March 2021. From curfew, the country went into first lockdown in April 2021. Our business from TRIM division (product – heat transfer) was hit as our customers in Cambodia are affected fairly. With previous experience, management team is confident to adapt lockdown situation fast and will keep impact over operation at minimal level.

(iii) Others

With the contingency and rectification having been in place, we are confident that our printing and embroidery business will be recovered to the situation way before the outbreak of COVID-19 pandemic.

Besides that, we are confident that our hire purchase business will start to contribute revenue to the Group right after Johor and Melaka entering Phase 2 of National Recovery Plan, as well as after more and more Malaysian getting vaccinated.

For the medical business, we are currently in the midst of applying for medical device registration with the authorities in countries i.e. Vietnam, Indonesia, Thailand, Malaysia and Singapore. We are optimistic that we will be able to complete the registration process in at least one of the abovementioned countries by the end of the financial year ending 31 March 2022.

The Board is of the view that we shall remain cautious on our prospects and to control costs and capital expenditure, as well as to maintain and improve the utilisation of our existing plants' capacities for all the divisions and segments within the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONT'D)

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

The Group has on 16 December 2019 offered first batch of ESOS options to the eligible Directors and employees of the Group to subscribe for the new Ordinary Shares in PCCS under the ESOS. Total of 7,728,400 ESOS options were offered and the Exercise Price of the options offered is RM0.37 per option. The options are vested upon acceptance of the offer.

As at 31 March 2021, 2,014,000 ESOS options were exercised by the eligible Directors and employees, which is approximately 26.06% of total ESOS options offered.

DIVIDEND

In order to ensure that the Group is able to maintain its momentum of turning around the operating profitability as well as the ability to exploit new business opportunities, we have chosen not to adopt any fixed dividend policy.

The Board did not recommend any final dividend payment to the shareholders for the FY2021.

CONCLUSION AND ACKNOWLEDGEMENT

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

The Management will continue to exploit opportunities to expand our businesses into industries other than apparel and label and packaging in order to diversify the income stream of the Group. The Group will also continue its existing profitable business model and expanding its product range and distribution channels in order to make the existing businesses more robust.

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

On behalf of the Board, I would like to express my utmost and sincere appreciation and gratitude to the Management and employee for their conscientious efforts, commitment and dedication to delivering results. The successes in FY2021 could not have been achieved without their efforts.

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

For and on behalf of
The Executive Management of PCCS

Chan Wee Kiang
Group Managing Director

24 August 2021

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 2017 ("**MCCG**") are applied under the stewardship of the Board, throughout the financial year ended 31 March 2021 ("**FY2021**").

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 FY2021 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) reviewing and adopting a strategic plan for the Company, including establishing Company goals and ensuring that the strategies are in place to achieve them;
(b) establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
(c) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
(d) succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
(e) reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
(f) deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
(g) ensuring that the Company's financial statements are true and fair and conform with any applicable laws and/or regulations; and
(h) ensuring that the Company adheres to high standards of ethics and corporate behaviour.

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

I. BOARD RESPONSIBILITIES (CONT'D)

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

Chairman of the Board

Mr. Julian Lim Wee Liang had on 2 November 2020 relinquish his role as Chairman of the Board to Mr. Chan Choo Sing. Mr. Chan Choo Sing was then re-designated from Group Managing Director ("**Group MD**") to Group Executive Chairman of the Company, whilst Mr. Chan Wee Kiang was appointed as Group MD of the Company on 2 November 2020.

The Chairman of the Board primarily responsible for the orderly conduct and working of the Board whilst the Group MD, together with the Executive Director, oversees the 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.

Qualified Company Secretaries

During FY2021, 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.

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 FY2021, 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) 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: -

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

I. BOARD RESPONSIBILITIES (CONT'D)

(a) <u>Establishing clear roles and responsibilities of the Board</u> (Cont'd)

Protocol for seeking of professional advisory services

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

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

(b) <u>Demarcation of responsibility</u>

Board Charter

The Board Charter of the Company was established on 31 July 2014. 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.

Roles of Senior Independent Non-Executive Director

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

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

(c) <u>Good business conduct and corporate culture</u>

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 strives to ensure that the consultants, agents, partners, representatives and others performing works or services for or on behalf of the Group comply with the COC.

Whistle Blowing Policy

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

(c) Good business conduct and corporate culture (Cont'd)

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/.

II. BOARD COMPOSITION

Size and Composition of the Board

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

During the FY2021, the three (3) Independent Directors represented the compliance with the requirement for one-third (1/3) Independent Directors in the Board, pursuant to Paragraph 15.02(1) of the Main LR of Bursa Malaysia Securities. The Board took note of the requirement of Practice 4.1 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 13 to 18 of this Annual Report.

Tenure of Independent Directors

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

Following the assessment and recommendation made by the Nomination Committee of the Company, the Board opined that the Mr. Julian's independence remains unimpaired and is satisfied that he can continue bringing independent views to the Board and safeguarding the minority interest of the Company. The Board has subsequently recommended that Mr. Julian be retained as Independent Director, subject to shareholders' approval at the forthcoming Twenty-Seventh (27th) Annual General Meeting ("**AGM**") of the Company.

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.

During the FY2021, upon the recommendation by the Nomination Committee, Mr. Chan Wee Kiang, Mr. Chan Wee Boon and Ms. Joyce Wong Ai May were appointed to the Board of the Company on 2 November 2020.

Appointments to Board Committees

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

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

Following the assessment and recommendation by the Nomination Committee, Mr. Chan Choo Sing was appointed as the Nomination Committee and resigned as the Remuneration Committee on 2 November 2020. Mr. Julian was then appointed as the Remuneration Committee in place of Mr. Chan Choo Sing on 2 November 2020.

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.

During the FY2021, the Company has been making steady progress by taking into consideration of female representation when vacancies arise. Ms. Joyce Wong Ai May was identified as suitable candidate and was appointed to the Board on 2 November 2020.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

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.

Board Committee

Audit Committee

The Audit Committee was set up on 7 February 2002 with current TOR revised on 27 May 2019.

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 current TOR revised on 27 May 2016. The composition of the Nomination Committee is as follows: -

Nomination Committee	Designation	Directorate
Mr. Julian Lim Wee Liang	Chairman	Senior Independent Non-Executive Director
Mr. Chan Choo Sing *(Appointed w.e.f. 2 November 2020)*	Member	Group Executive Chairman
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director
Mr. Piong Yew Peng	Member	Independent Non-Executive Director

The Chairman of the Nomination Committee is the Senior Independent Non-Executive Director of the Company. The Nomination Committee is governed by its TOR 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/.

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 FY2021 were disclosed as follows: -

- Review and confirmed the minutes of the Nomination Committee Meeting held in financial year ended 31 March 2020;
- Recommended the re-election of Dato' Chan Chor Ngiak and Mr. Chan Chor Ang who retired pursuant to Clause 117 of the Company's Constitution at the Twenty-Sixth Annual General Meeting held on 24 August 2020 ("**26th 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 4.2 of the MCCG;
- Reviewed the attendance of the Directors at Board and Board Committees meetings for the financial year ended 31 March 2020;
- Review the training programmes attended by the Directors for the financial year ended 31 March 2020 and identified the training needs for FY2021.
- Reviewed the appointments of Mr. Chan Wee Kiang as Group MD, Mr. Chan Wee Boon as Executive Director and Ms. Joyce Wong Ai May as Independent Non-Executive Director; and
- Reviewed the re-designation of Mr. Julian Lim Wee Liang, Mr. Chan Choo Sing and Mr. Chan Chow Tek; and
- Reviewed the proposed composition of the Nomination Committee and Remuneration Committee.

(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, 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 FY2021 are as follows: -

Directors	Training(s) Attended
Chan Choo Sing	• Conduct of Directors of Listed Companies and Common Breaches of the Listing Requirements
Chan Wee Kiang	• Mandatory Accreditation Programme for Directors of Public Listed Companies
Chan Wee Boon	• Mandatory Accreditation Programme for Directors of Public Listed Companies
Chan Chow Tek	• Conduct of Directors of Listed Companies and Common Breaches of the Listing Requirements
Dato' Chan Chor Ngiak	• Business Tax Webinar
Chan Chor Ang	• Conduct of Directors of Listed Companies and Common Breaches of the Listing Requirements
Julian Lim Wee Liang	• What does the current stock markets pullback mean?
Piong Yew Peng	• Global Leaders Insights 2020 • Malaysia Tax Budget 2021: A budget for the new normal
Joyce Wong Ai May	• Preparing capital statements, taxation of shadow economy and how to handle tax appeals • The implications of digital tax in Malaysia with latest updates • Fraud Risk Management Workshop • Applying Ethics during the pandemic and beyond

Upon review, the Board concluded that the Directors' Trainings for the FY2021 were adequate.

Remuneration Committee

The Remuneration Committee was set up on 7 February 2002, with its current TOR adopted on 20 February 2014. The Remuneration Committee comprises exclusively of Non-Executive Directors and the composition of the Remuneration Committee is as follows: -

Remuneration Committee	Designation	Directorate
Mr. Piong Yew Peng	Chairman	Independent Non-Executive Director
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director
Mr. Julian Lim Wee Liang *(Appointed w.e.f. 2 November 2020)*	Member	Senior Independent Non-Executive Director
Mr. Chan Choo Sing *(Resigned w.e.f. 2 November 2020)*	Member	Group Executive Chairman

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

II. BOARD COMPOSITION (CONT'D)

Board Committee (Cont'd)

Remuneration Committee (Cont'd)

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

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

Annual Assessment on effectiveness of Board and Individual Directors

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

The Nomination Committee conducted the following assessments annually: -

Evaluation	Assessment criteria
Individual Directors	• Fit and proper; • Contribution and performance; and • Calibre and personality.
Board and Board Committee	• Board mix and composition; • Quality of information and decision making; • Boardroom activities; and • Board Committees' Performance
Audit Committee	• Quality and composition • Skills and Competencies • Meeting Administration and Conduct • Duties and Responsibilities
Independence of the Independent Directors	• Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main LR of the Bursa Malaysia Securities

Based on the assessments conducted for the FY2021, the Nomination Committee was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

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

III. REMUNERATION

Directors' Remuneration Policy

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

The Board had on 27 May 2016 adopted a Director Remuneration Policy to set the remuneration of its Group MD and Executive Directors. The compensation system takes into account the performance of the Group MD and each Executive Director and the competitive environment in which the Group operates.

The Remuneration Committee, when recommending the remuneration package of the Directors and Group MD, 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. As at the date of this Annual Report, the Directors' Remuneration Policy has not been reviewed by the Board since its establishment as the Board viewed that the Directors' Remuneration Policy is suffice.

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 FY2021, the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows: -

Received from the Company

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors						
Chan Choo Sing	85.5	–	–	–	–	85.5
Chan Wee Kiang	45	–	–	–	–	45
Chan Wee Boon	20	–	–	–	–	20
Non-Executive Directors						
Chan Chow Tek	48	–	–	–	–	48
Dato' Chan Chor Ngiak	66	–	–	–	–	66
Chan Chor Ang	48	–	–	–	–	48
Julian Lim Wee Liang	63.5	4.5	–	–	–	68
Piong Yew Peng	66	4.5	–	–	–	70.5
Joyce Wong Ai May	15	–	–	–	–	15

* Subject to the approval by shareholders at the 27th AGM

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

III. REMUNERATION (CONT'D)

Remuneration of Directors (Cont'd)

Received on the Group Basis

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors						
Chan Choo Sing	85.5	740	126	–	–	951.5
Chan Wee Kiang	45	834	84	–	–	963
Chan Wee Boon	20	505	33	–	–	558
Non-Executive Directors						
Chan Chow Tek	48	583	50	–	–	681
Dato' Chan Chor Ngiak	66	–	–	–	–	66
Chan Chor Ang	48	–	–	–	–	48
Julian Lim Wee Liang	63.5	4.5	–	–	–	68
Piong Yew Peng	66	4.5	–	–	–	70.5
Joyce Wong Ai May	15	–	–	–	–	15

Remuneration of top five (5) senior management

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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

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

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

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

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

TOR of Audit Committee indicates that the appointment of a former key audit partner as a member of the Audit Committee shall observe a cooling-off period of at least two (2) years before appointed as a member of Audit Committee.

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

I. AUDIT COMMITTEE (CONT'D)

Assessment on External Auditors

The Audit Committee has procedures to assess the suitability, objectivity and independence of external auditors and that such assessment would be carried out annually. For the FY2021, 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 this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control Framework

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

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

Internal Audit Function

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

During the FY2021, 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) AGM/General Meetings
(d) Corporate Website
(e) Senior Independent Non-Executive Director

For the FY2021, Senior Independent Non-Executive Director informed that he has not received any concerns from shareholders/stakeholders, be it written or verbal.

II. CONDUCT OF GENERAL MEETINGS

Notice of AGM

Notice of the 26th AGM held in year 2020 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 26th 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 26th AGM.

Directors' Commitment

All the Directors were present at the 26th AGM of the Company held in year 2020 to engage with the shareholders personally and proactively.

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

During FY2021, the Company did not leverage on technology in implementing the voting in absentia and remote shareholders' participation at the 26th AGM of the Company.

Notwithstanding, the Company will leverage on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities for its first fully virtual 27th AGM to be held on 22 September 2021.

CONCLUSION

The Board is satisfied that for the FY2021, 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 13 August 2021.

AUDIT COMMITTEE REPORT

The Board of Directors of PCCS Group Berhad is pleased to present the Audit Committee report for the financial year ended 31 March 2021 ("**FY2021**") in compliance with Paragraph 15.15(1) of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**").

A. COMPOSITION

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

Audit Committee	Designation	Directorship
Piong Yew Peng	Chairman	Independent Non-Executive Director
Julian Lim Wee Liang	Member	Senior Independent Non-Executive Director
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director

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

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

Mr. Piong Yew Peng is a Fellow of CPA Australia and a member of the Malaysian Institute of Accountants (MIA). In addition, Mr. Julian Lim Wee Liang is a Fellow of the Association of Chartered Certified Accountants and a member of MIA. Accordingly, the Company complied with paragraph 15.09(1)(c)(i) of the Main LR of Bursa Malaysia Securities, which requires at least one (1) member of the Audit Committee to be a member of the MIA.

The terms of office and performance of the Audit Committee and each of its members were reviewed by the Nomination Committee on 24 May 2021 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 for the FY2021. The Nomination Committee has subsequently reported its satisfaction to the Board of Directors for notation.

B. ATTENDANCE

A total of four (4) Audit Committee meetings were held during the FY2021. Details of attendance at Audit Committee during the FY2021 are as follows:-

Directors	Attendance	%
Piong Yew Peng (Chairman)	4 out of 4	100
Julian Lim Wee Liang	4 out of 4	100
Dato' Chan Chor Ngiak	4 out of 4	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 FY2021 were as follows: -

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarter ended 31 March 2020, 30 June 2020, 30 September 2020, and 31 December 2020 before recommending them to the Board of Directors for approval;

- Reviewed the draft audited financial statements for the financial year ended 31 March 2020 before recommending them to the Board of Directors for approval;

- Reviewed the financial performance and financial highlight 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 quarterly basis; and

- Reviewed the Group's compliance with relevant accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed the suitability, objectivity and independence of Messrs. Baker Tilly Monteiro Heng PLT for its re-appointment as the 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 approval of PCCS's shareholder at the Twenty-Sixth Annual General Meeting.

- Discussed and reviewed with the External Auditors, the Audit Review Memorandum for the financial year ended 31 March 2020, covering significant audit findings, potential key audit matters and significant outstanding information/documents 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 FY2021, including any significant issues and concerns arose from the audit;

- Discussed and reviewed with the External Auditors, the applicability and 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 Board and Management personnel to discuss the major concerns arose from the annual statutory audit; and

- Reviewed the audit fees for the FY2021 prior to the approval of the Board of Directors.

AUDIT COMMITTEE REPORT
(CONT'D)

C. SUMMARY OF WORK (CONT'D)

3. Oversight of Internal Audit ("IA")

- Reviewed and adopted the IA plan for the Group for the FY2021 and for the financial year ending 31 March 2022 and reported to the Board of Directors for notation;
- Reviewed the IA Reports for the FY2021 and assessed the Internal Auditors' major findings and evaluate the management's responses and made necessary recommendations to the Board of Directors for approval;
- Reviewed the Status Report on the follow-up actions on the previously reported audit findings of the Group to ascertain the agreed action plans being implemented by the Management;
- Reviewed the adequacy and performance of the IA function and its comprehensive coverage of the Group's activities;
- 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; and
- Deliberated and noted the key observations of the IA function of the Group as well as the accompanying findings of the thematic reviews and key takeaways, issued by Bursa Malaysia Securities.

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 New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and recommend the same to the Board of Directors for approval.

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

- Reviewed the summary of allocation of options pursuant to ESOS on 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 into the Annual Report 2020; and
- Reviewed the Anti-Bribery and Anti-Corruption Policy to strengthen its compliance rules in accordance with the amendments to the Main LR of Bursa Malaysia Securities for anti-corruption measures and recommend the same to the Board of Directors for approval.

D. IA FUNCTION

1. Appointment

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

2. IA Activities

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

(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 to the Board of Directors for notation.

(b) Regular IA Reports

IA reports are reviewed and adopted by the Audit Committee on a quarterly basis. During the FY2021, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and has highlighted the weaknesses together with the recommended corrective actions to the internal control process. This is to provide reasonable assurance that such a system continues to operate satisfactorily and effectively within the Group.

For the FY2021, the following subsidiary of the Group was audited by Sterling: -

Name of Entity audited by Sterling	Date of IA Report
Mega Label (Malaysia) Sdn. Bhd.	23 November 2020

D. IA FUNCTION (CONT'D)

2. IA Activities (Cont'd)

(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 Management-agreed action plan.

For the FY2021, 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
JIT Textiles Limited	22 May 2020
Wan He Da Manufacturing Company Limited	22 May 2020
PCCS Group Berhad	22 May 2020
Mega Labels and Stickers (Cambodia) Co., Ltd.	22 May 2020
PCCS Garments (Suzhou) Limited	22 May 2020
JIT Textiles Limited	24 August 2020
Wan He Da Manufacturing Company Limited	24 August 2020
Mega Labels and Stickers (Cambodia) Co., Ltd.	24 August 2020
PCCS Garments (Suzhou) Limited	24 August 2020
Mega Label (Malaysia) Sdn. Bhd.	22 February 2021
JIT Textiles Limited	22 February 2021
Wan He Da Manufacturing Company Limited	22 February 2021
PCCS Group Berhad	22 February 2021
Mega Labels and Stickers (Cambodia) Co., Ltd.	22 February 2021
PCCS Garments (Suzhou) Limited	22 February 2021

3. Total costs incurred for the FY2021

The total costs incurred for the IA function of the Group for the FY2021 was RM14,000/- (2020: RM39,500/-).

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

D. IA FUNCTION (CONT'D)

4. IA Charter (Cont'd)

The IA Charter contains 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 since 27 May 2016.

5. Review of IA Function

With the adopted IA Charter to serve as a guiding document, the Audit Committee has performed a review on the IA Function during the FY2021. For the FY2021, 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 2021 ("**FY2021**") 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 on a regular basis 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 judgement 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 totally 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, Goh King Swee, Chen TianShen, P'ng Kim Leng, Teo Bee San, Sim Sian Ling, Ng Beng Hong, Teo Lee Ping, Chong Cher Kung, Lee Hui Cheng, Phua Chee How, Daniel Pua Kian Boon, Daniel Ng Kok Hoe, Loy Heng Ye, Tan Soo Ching

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 implement the risk management functions and 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 risk management framework.

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

RMWG → PMRT → Audit Committee → Board

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

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

For the FY2021 and up to the date of this Statement, the Audit Committee and the Board had received and reviewed the Risk Registry of the Company at Corporate Level, Apparels Division (Cambodia and China) and Labels & Stickers Division (Malaysia and Cambodia), including assessment of any possible corporate liabilities risks and corruption risk in its annual risk assessment of the Group pursuant to the Paragraph 15.29(1)(c) of the Main LR. The risk factors identified and deliberated were assigned to the respective heads of subsidiaries and risk owners to implement the risk control measures.

For the FY2021 and up to the date of this Statement, the PMRT has held four (4) meetings with the Audit Committee, while the RMWG has held four (4) meetings.

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

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

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

INTERNAL AUDIT FUNCTION

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

The profile of Sterling is set out as follows:-

Principal Engagement Lead	:	Ms. So Hsien Ying
Qualifications	:	Certified Internal Control Professional from Internal Control Institute
Experiences	:	more than twenty (20) 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 Institute of Internal Auditors Malaysia ("**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.

FY2021, Sterling's engagement team personnel have affirmed to the Audit Committee that in relation to the Company/ Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independence.

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

During the FY2021, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

For the FY2021 and up to the date of this Statement, three (3) internal audit reviews were carried out and follow up status were reported by Sterling to the Audit Committee:-

Audit Period	Reported in	Audited Areas
1st Quarter (Apr 2020 – Jun 2020)	Aug 2020	• Follow up status update on: • Mega Labels & Stickers (Cambodia) Co., Ltd. (Sales and Marketing, and Human Resources) • JIT Textiles Limited and Wan He Da Manufacturing Company Limited (Finance and Accounts, Marketing, Merchandising, Procurement and Supplier Quality Assurance, and Payment and Disbursement) • PCCS Garments (Suzhou) Ltd. (Warehouse Management and Stock Handling Records)
2nd Quarter (Jul 2020 – Sep 2020)	Nov 2020	• Mega Label (Malaysia) Sdn Bhd (Commercial Functional Areas)
3rd Quarter (Oct 2020 – Dec 2020)	Feb 2021	• Follow up status update on: • Mega Label (Malaysia) Sdn Bhd (Commercial Functional Areas) • JIT Textiles Limited and Wan He Da Manufacturing Company Limited (Finance and Accounts, Marketing, Merchandising, Procurement and Supplier Quality Assurance, and Payment and Disbursement) • PCCS Group Berhad (Bank Payment System, and Human Resources and Administration) • Mega Labels & Stickers (Cambodia) Co., Ltd. (Sales and Marketing, and Human Resources) • PCCS Garments (Suzhou) Ltd. (Warehouse Management and Stock Handling Records)

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 FY2021, and up to the date of this Statement:-

- **Organisational Structure**

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

- **Limits of Authority**

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

- **Review of Financial and Operational Performance**

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

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

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

- **Company Manual**

  A comprehensive "Company Manual" is developed to foster long-lasting and harmonious working relationship 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 is also to promote efficiency and accountability for the Group.

- **Health and Safety 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 and Safety 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.

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **Internal Quality Audits**

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

- **Corporate Liabilities Risk**

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

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and CC that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the FY2021, and up to the date of this Statement.

CONCLUSION

For the FY2021 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 13 August 2021.

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 as 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 2021, the Directors are in opinion that the Group and the Company have: -

- used appropriate accounting policies and were consistently applied;
- made reasonable and prudent judgements and estimates;
- ensured that all applicable approved accounting standards in Malaysia have been followed; and
- prepared the financial statements based on 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 are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which 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 13 August 2021.

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

Audit and Non-Audit Fees

During the financial year ended 31 March 2021 ("**FY2021**"), the amount incurred by the Group and the Company with respect to the audit fees and non-audit related fees paid to the External Auditors are as follows: -

	Company (RM)	Group (RM)
Audit services rendered	93,000	399,030
Non-audit services rendered		
(1) Tax Review and Services	3,450	23,064
(2) Review of the Statement of Risk Management and Internal Control	5,000	5,000
Total	**101,450**	**427,094**

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal other than Employees' Share Option Scheme ("**ESOS**") during the FY2021.

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 the ESOS are set out in the table below:-

	Total Number of Options as at 31 March 2021	
Description	**All Eligible Employees including Directors and Chief Executive**	**Directors and Chief Executive**
(1) Options granted	7,728,400	620,000
(2) Options exercised	2,014,000	200,000
(3) Options outstanding	5,714,400	420,000

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 (FY2021)	Number of Options (Since commencement of ESOS up to 31 March 2021)
Aggregate maximum allocation in percentage	0%	70.00%
The actual percentage granted	0%	31.55%

ESOS (Cont'd)

For the FY2021, none of the ESOS Options was granted to the Non-Executive Directors ("**NED**") and the following NED has exercised the ESOS Options. The breakdown of the options exercised during the FY2021 is set out in table below: -

No.	Name of director	Number of Options granted	Number of Options vested	Number of Options exercised
1.	Chan Chor Ang	–	–	50,000
	Total	–	–	50,000

Material Contracts Involving Directors, Chief Executive and Major Shareholders' Interest

None of the Directors, Chief Executive and major shareholders have entered into any material contracts with the Company and/or its subsidiaries during the FY2021.

Recurrent Related Party Transactions of Revenue Nature

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

The renewal of Shareholders' Mandate, details as disclosed in the Circular to Shareholders dated 24 August 2021 will be sent together with this 2021 Annual Report.

Details of the RRPTs occurred during the FY2021 are disclosed in Note 31 to the Financial Statements set out on pages 162 and 163 of this 2021 Annual Report.

SUSTAINABILITY STATEMENT

ABOUT PCCS' SUSTAINABILITY STATEMENT

PCCS Group Berhad's ("**PCCS**" or the "**Group**") fourth annual sustainability statement covers the fiscal year ended 31 March 2021 ("**FY2021**") and encompasses our efforts to inculcate a culture of sustainability within our organisation and to manage our social, economic, governance and environmental impacts.

We are committed to making investments that foster and sustain a better future for generations to come. Despite the coronavirus ("**COVID-19**") pandemic and its impacts, we continue to persevere and enhance our approach to limit any adverse impacts to our operations may have. This year, we established a groupwide Sustainability Policy, detailing our commitment to upholding sustainable practices across our organisation. We also conducted a materiality assessment exercise to re-evaluate the Group's sustainability priorities in light of the pandemic.

Reporting Scope and Boundary

The Group is headquartered in Batu Pahat, Johor, Malaysia, with subsidiaries in Cambodia, China and Malaysia. All monetary values reported are expressed in Ringgit Malaysia (RM), unless stated otherwise. Disclosures in this statement include the sustainability endeavours and performance of our apparel and label & packaging subsidiaries:

Apparel

Wan He Da Manufacturing Company Limited ("WHD")
Country : Cambodia
Number of employees : 1,799
Revenue : RM52,232,707

PCCS Garments (Suzhou) Limited ("SGL")
Country : China
Number of employees : 457
Revenue : RM122,146,620

Label & Packaging

Mega Label (Malaysia) Sdn. Bhd. ("MEGAM")
Country : Malaysia
Number of employees : 273
Revenue : RM58,075,709

Reporting Framework

Our sustainability statement was prepared in accordance to Main Market Listing Requirements stipulated by Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), in line with the Global Reporting Initiative ("**GRI**") Standards – Core Option, and guided by Bursa Malaysia's Sustainability Reporting Guide (2nd Edition). For reference, the GRI Content Index is available on page 91 and 92 of this 2021 Annual Report.

Feedback

We appreciate feedback from our stakeholders and encourage individuals to submit queries and recommendations regarding our sustainability disclosures. These can be directed to:

Name : Mr. Tang Lai Huat
Position : Corporate Controller
Address : PCCS Group Berhad,
Lot 1376, GM 127,
Mukim Simpang Kanan, Jalan Kluang,
83000 Batu Pahat,
Johor Darul Takzim, Malaysia
Email : lhtang@pccsgroup.net

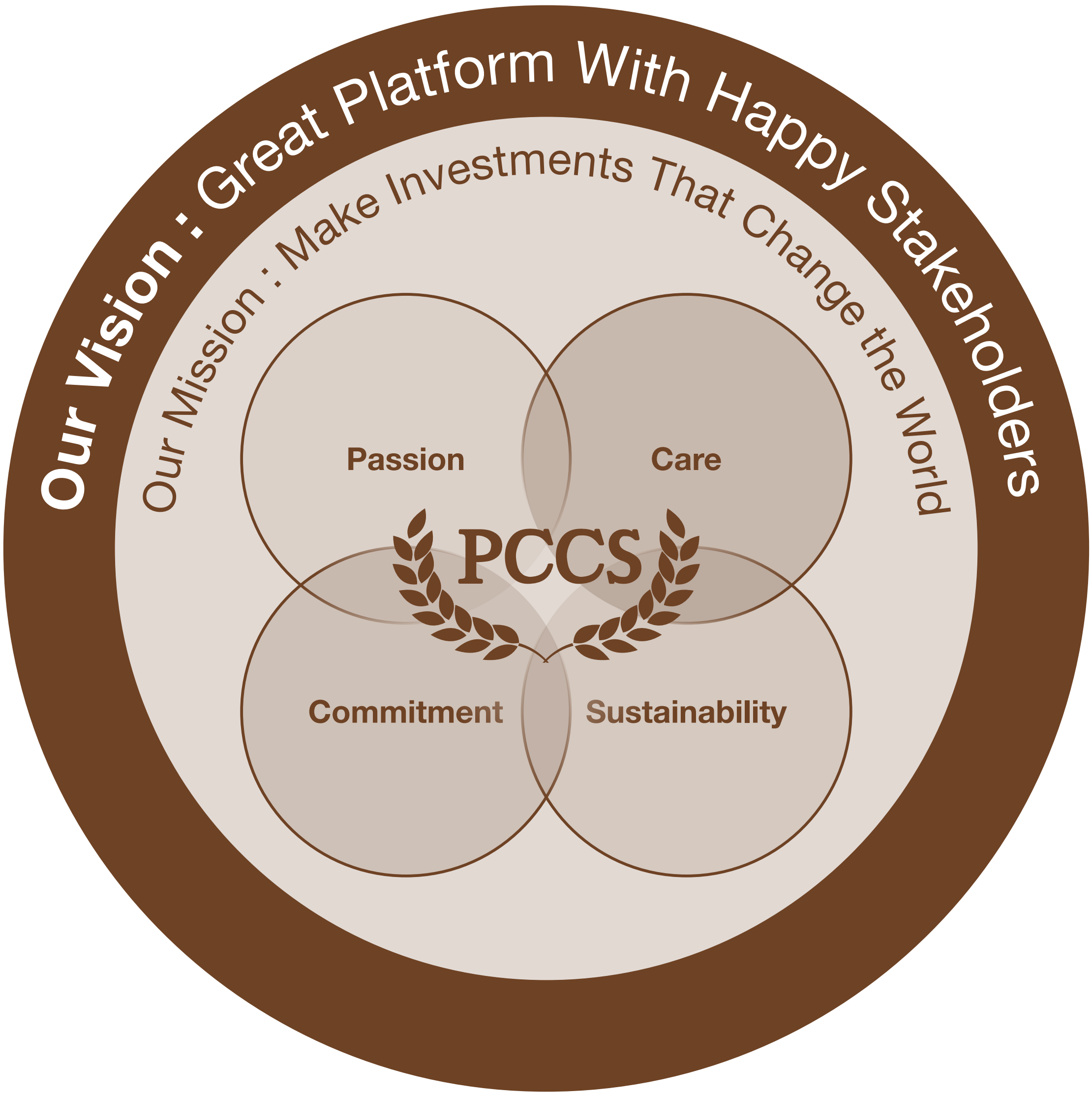
Membership of Associations

PCCS engages with its industry peers through memberships in industry associations. This facilitates the sharing of ideas and industry practices.

Country	Subsidiary	Association
Cambodia	Wan He Da Manufacturing Company Limited	Garment Manufacturing Association in Cambodia

PCCS' SUSTAINABILITY APPROACH

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



SUSTAINABILITY STATEMENT
(CONT'D)

United Nations Sustainable Development Goals

We recognise the need to accelerate our response in relation to climate change including the alignment of our business with the goals of the Paris Agreement. PCCS has adopted five (5) out of the seventeen (17) United Nations Sustainable Development Goals ("**SDGs**"), introduced under the 2030 Agenda for Sustainable Development.

SDGs 1, 6, 8, 12 and 13 were adopted as they conform to the Group's current sustainability direction and initiatives.

1 NO POVERTY

- Provided employment opportunities to 872 individuals
- Employed 2,423 individuals from local communities

6 CLEAN WATER AND SANITATION

- Established withdrawal targets at MEGAM and SGL
- Reduced water withdrawal in FY2021 by 10%
- Harvested 984 m^3 of rainwater

8 DECENT WORK AND ECONOMIC GROWTH

- Workforce strength: 2,517 employees
- Recorded zero fatalities
- Adopted a Corporate Social Response Guide (MEGAM) and Human Rights Policy (WHD)
- Recorded zero incidents of discrimination at the workplace

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Established material reduction targets at MEGAM
- Invested in two (2) auto splicer machines
- Embarked on the Green Factory Project at SGL
- Diverted 18,823.6 tonnes of waste from landfill in FY2021

13 CLIMATE ACTION

- Generated 388 MJ of solar energy
- Established electricity reduction targets at MEGAM and SGL
- Reduced petrol and diesel consumption by 44% and 51%
- Reduced GHG emissions by 7% from FY2020

Sustainability Policy

In order to embed sustainable practices into our day-to-day business activities, we have developed our very own Sustainability Policy this reporting period. The Sustainability Policy is enforced across all entities, under the purview of the Board of Directors ("**Board**") and outlines our commitment to operating in a sustainable manner by:

- Manufacturing quality products that sustain customer satisfaction and support long-term value creation;
- Supporting local economic growth by providing business opportunities to local enterprises to the greatest extent possible;
- Procuring products and supplies that are environmentally friendly in order to minimise the Group's environmental impact;
- Incorporating the latest technological innovations to enhance production efficiency;
- Upholding the highest standards of ethical business conduct and act 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;
- 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, and providing equal opportunity to all;
- Allocating resources and organising capacity building programmes to support employee development and growth;
- Protecting customer data and privacy against unauthorised access and use;
- Strengthening the bond between the Group and our stakeholders through regular engagement activities;
- Optimising our business activities to minimise unnecessary resource consumption;
- Enforcing proper waste management practices across our operations to minimise adverse impacts on the environment and surrounding communities; and
- Implementing initiatives to limit our contribution to climate change and anthropogenic greenhouse gas emissions.

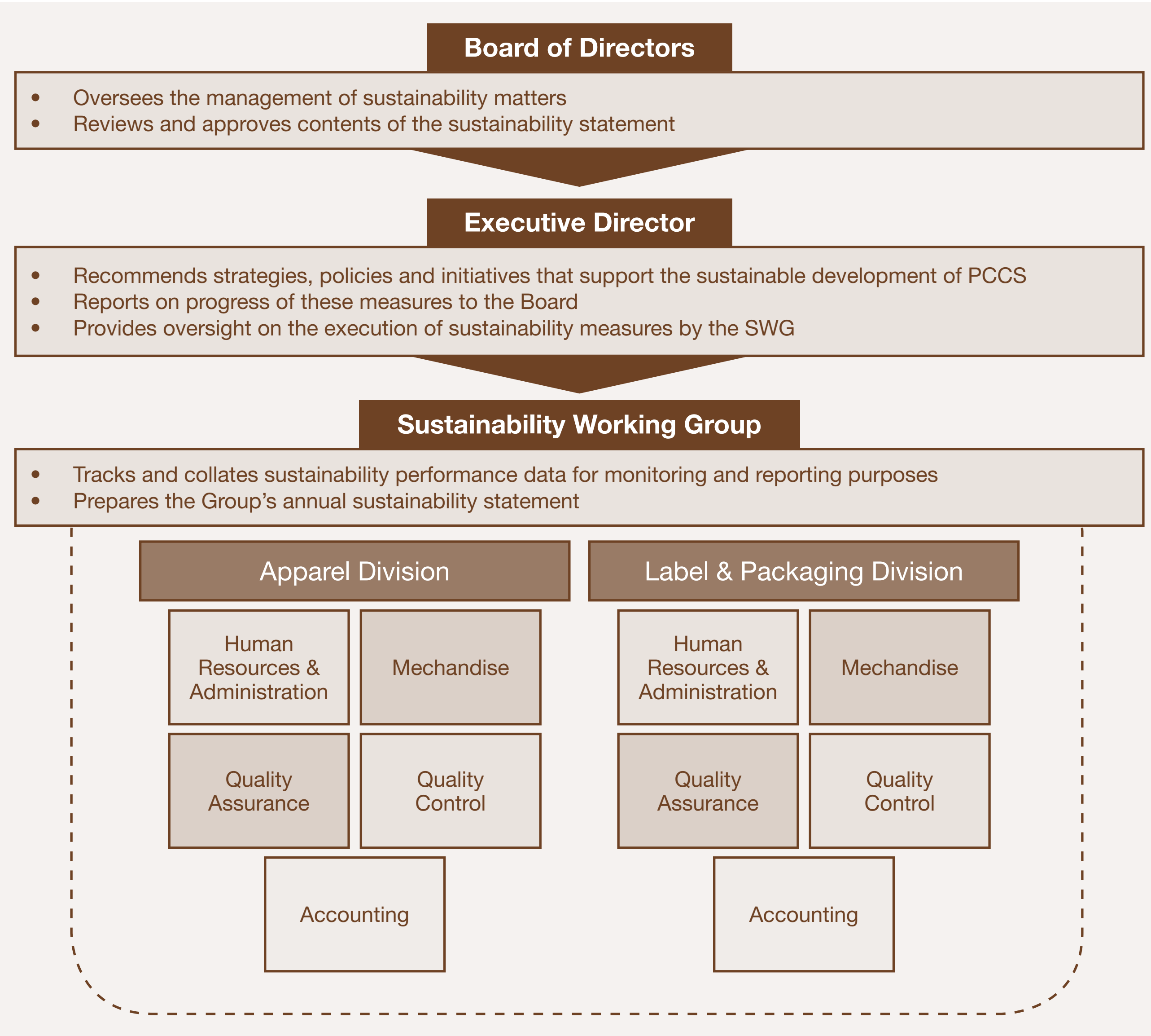
SUSTAINABILITY STATEMENT
(CONT'D)

Sustainability Governance

Sustainability is driven from the top at PCCS with the Board heading our sustainability governance structure. The Board is responsible for providing oversight on the management of sustainability matters that are pertinent to the Group. Contents of this sustainability statement are also required to be reviewed and approved by the Board prior to publication.

Supporting the Board is the Executive Director, who strategically manages the Group's sustainability matters. The Executive Director recommends strategies, policies and initiatives that support the sustainable development of PCCS, and reports on progress of these measures to the Board. They also provide oversight on the execution of sustainability measures by the Sustainability Working Group ("**SWG**").

The SWG is the engine of our governance structure and comprises representatives from the different divisions tasked with implementing sustainability measures on the ground. It also tracks and collates sustainability performance data for monitoring and reporting purposes, and prepares the Group's annual sustainability statement. This year, SWG members participated in the materiality assessment, identifying and prioritising PCCS' material sustainability matters.



ENGAGING OUR STAKEHOLDERS

PCCS has identified six (6) stakeholder groups that most influence our business. We maintain frequent engagement activities to ensure we remain abreast of their concerns and expectations, and continue to address them accordingly. These activities are conducted on an annual, monthly and ad-hoc basis throughout the year. The year, due to the pandemic, we conducted our engagement programmes using online platforms.

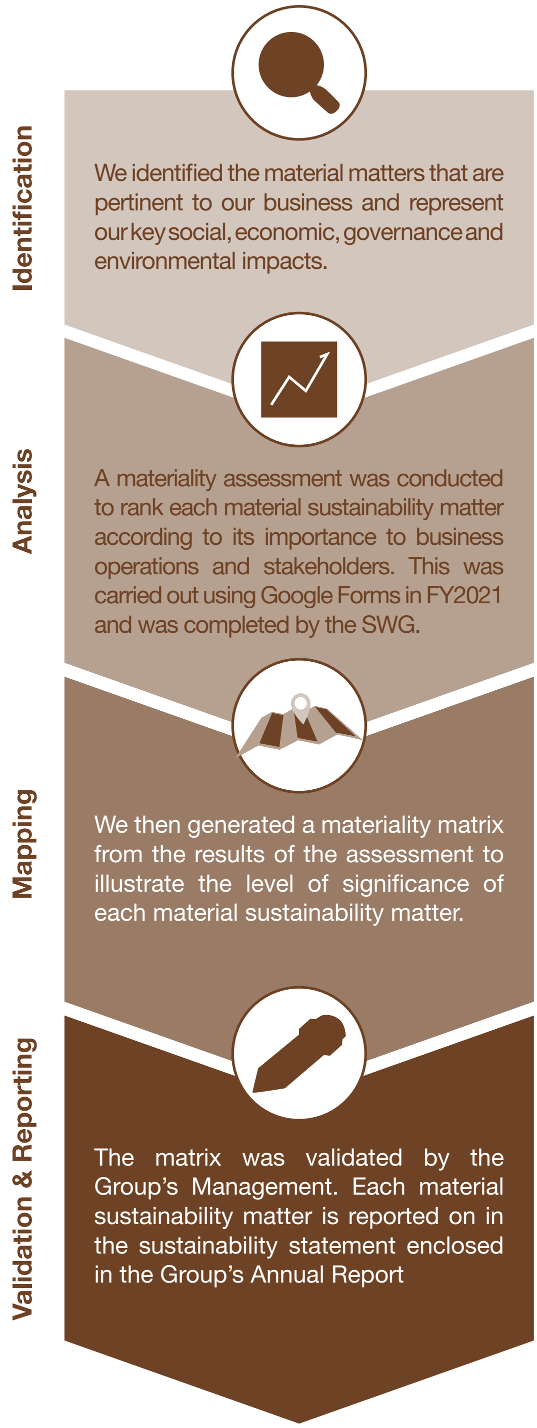
	Key Concerns	Engagement Methods	Frequency of Engagement
Customers	• High-quality and safe products • Customers rights • Consumer engagement	• Customer satisfaction surveys • Face-to-face meetings and on-site visits • Customer service hotline and email • Plant tours	• As and when required • As and when required • As and when required • As and when required
Employees	• Employees' compensation and benefits • Career development • Business compliance	• Emails, noticeboards, employee engagement activities • Meetings and training • Performance reviews	• As and when required • Monthly • As and when required
Shareholders and Investors	• Return on investment • Corporate governance • Business compliance	• Reports and announcements • Annual General Meeting • Company website	• As and when required • Annually • As and when required
Government and Regulatory Authorities	• Compliance with laws and regulations • Contribution to the development of the local economy • Anti-corruption practices • Waste management	• Inspections • Reports • Compliance checks	• As and when required • As and when required • Throughout the year
Suppliers	• Fair and open procurement • Maintaining long-term relationships • Compliance with relevant laws and regulations	• Open tendering • Suppliers' satisfactory assessment • Face-to-face meetings and on-site visits • Industry seminars	• As and when required • As and when required • As and when required • As and when required
Local Community	• Contribution to communities • Business compliance • Environmental protection awareness	• Responses to enquiries • Public welfare activities	• As and when required • As and when required

OUR MATERIAL SUSTAINABILITY MATTERS

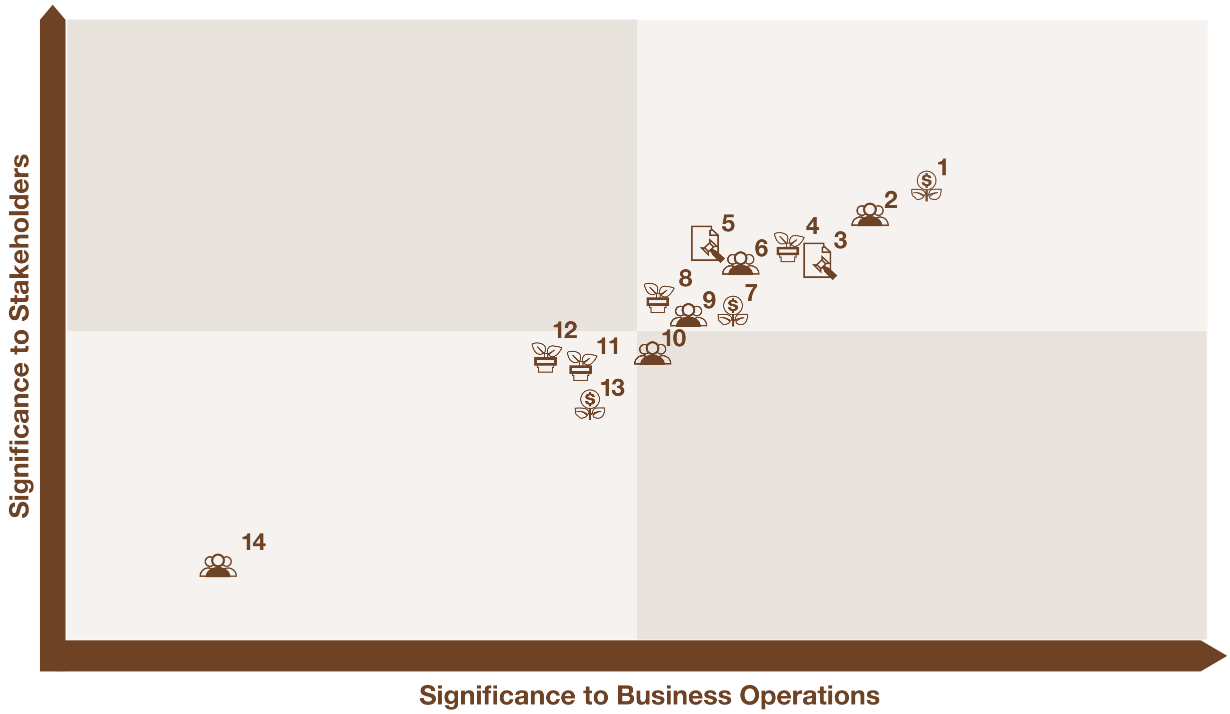
Since our first sustainability statement in the financial year ended 31 March 2018, the Group has continued to enhance the process of identifying and managing its material sustainability matters. During FY2021, we reviewed our material sustainability matters identified in financial year ended 31 March 2020 ("**FY2020**") and concluded that almost all of the matters remained relevant to our operations. We renamed 'Product Responsibility' as 'Product Quality and Responsibility' and removed 'Environmental Compliance'. The finalised list of fourteen (14) material sustainability matters were categorised under the four (4) pillars of sustainability: economic (Fostering Economic Stability), social (Building Our Workforce and Community), governance (Governance and Compliance) and environmental (Prioritising Environmental Sustainability).

Upon finalising our list of material sustainability matters, we assessed each material sustainability matter according to its importance to the business and stakeholders. These matters were ranked on importance from one (1) medium to nine (9) very high. The assessment was conducted on an online platform and involved members of the SWG.

A materiality matrix was generated using the findings of the assessment, illustrating the position of each material sustainability matter based on its importance to our business and to stakeholders. We observed that 'Product Quality and Responsibility' remains to be our highest ranking material sustainability matter, similar to FY2020. 'Occupational Health and Safety' also continues to be of significant importance to the Group and stakeholders – this was anticipated given the increasing concern around health and safety following the COVID-19 pandemic. We also observed an increased importance for 'Material Consumption' in FY2021.



Materiality Matrix



Levels of Significance

Medium	High	Very High

Fostering Economic Stability

1 Product Quality and Responsibility

7 Responsible Sourcing

13 Innovation

Building Our Workforce and Community

2 Occupational Health and Safety

6 Labour Rights

9 Talent Attract on and Retention

10 Customer Privacy and Data Protection

14 Community Engagement

Governance and Compliance

3 Ethics and Integrity

5 Regulatory Compliance

Prioritising Environmental Sustainability

4 Material Consumption

8 Waste Management

11 Water Consumption

12 Climate Change

SUSTAINABILITY STATEMENT
(CONT'D)

Mapping Our Material Sustainability Matters

In the table below, we map our fourteen (14) material sustainability matters with the relevant stakeholder groups and corresponding SDGs.

Material Sustainability Matter	Description	Relevant Stakeholders	SDGs
Fostering Economic Stability			
Product Quality and Responsibility	The production of quality products ensures that our customers remain satisfied and enhances our reputation as a trusted organisation.	• Customers • Government and Regulatory Authorities • Suppliers	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Responsible Sourcing	We procure input materials from our suppliers that support the fabrication of quality apparel and labelling products. The Group seeks to support the local economy development by procuring from local suppliers whenever possible.	• Suppliers	8 DECENT WORK AND ECONOMIC GROWTH
Innovation	PCCS strives to enhance production efficiency by adopting innovative solutions and incorporating the latest technologies and systems.	• Employees • Customers	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Building Our Workforce and Community			
Occupational Health and Safety	We implement measures to safeguard the health and safety of our employees and maintain a conducive workplace.	• Employees • Government and Regulatory Authorities	8 DECENT WORK AND ECONOMIC GROWTH
Labour Rights	The Group respects employees' rights and strives to ensure all are treated fairly at the workplace by implementing measures and safeguards across our subsidiaries.	• Employees • Government and Regulatory Authorities	8 DECENT WORK AND ECONOMIC GROWTH

Material Sustainability Matter	Description	Relevant Stakeholders	SDGs
Building Our Workforce and Community			
Talent Attraction and Retention	We compensate our workforce accordingly and conduct engagement activities to boost employee morale and productivity.	• Employees	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH
Customer Privacy and Data Protection	We respect customer privacy and implement safeguards to prevent the occurrence of data breaches across our subsidiaries in order to sustain customer confidence.	• Employees • Government and Regulatory Authorities	8 DECENT WORK AND ECONOMIC GROWTH
Community Engagement	Using our resources, we organise a range of community programmes to alleviate socio-economic challenges faced by the communities surrounding our operations.	• Local Community	1 NO POVERTY
Governance and Compliance			
Ethics and Integrity	PCCS upholds high standards of ethics when conducting business. We implement robust policies, codes and procedures to ensure the Group and those we engage continue to operate in an ethical manner.	• Employees • Shareholders and Investors • Government and Regulatory Authorities • Suppliers	8 DECENT WORK AND ECONOMIC GROWTH
Regulatory Compliance	Mechanisms have been established to safeguard compliance with applicable laws and regulations and to ensure we keep abreast of changes in the regulatory landscape.	• Employees • Shareholders and Investors • Government and Regulatory Authorities • Suppliers	8 DECENT WORK AND ECONOMIC GROWTH
Prioritising Environmental Sustainability			
Material Consumption	PCCS works to efficiently utilise raw materials when manufacturing our products and avoids material wastage where possible.	• Customers • Suppliers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Waste Management	The Group manages waste in accordance to regulatory requirements and industry standards to minimise our impact on the environment and public health.	• Government and Regulatory Authorities • Local Community	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABILITY STATEMENT
(CONT'D)

Material Sustainability Matter	Description	Relevant Stakeholders	SDGs
Prioritising Environmental Sustainability			
Water Consumption	We aim to efficiently consume water across our operations and have adopted measures to monitor and manage water consumption.	• Government and Regulatory Authorities • Local Community	
Climate Change	We look to mitigate our environmental impact and climate change by adopting energy-efficient measures that limit greenhouse gas emissions.	• Government and Regulatory Authorities • Local Community	

Fostering Economic Stability

Product Quality and Responsibility

By consistently producing quality products, we aim to attract and retain customers, allowing us to sustain long-term business growth.

Mega Label (Malaysia) Sdn. Bhd. ("MEGAM")

MEGAM is ISO 9001:2015 certified and audited annually to ensure its compliance with this Quality Management System's certification requirements. As part of the certification requirements, we have adopted an Integrated Management System, combining our ISO9001:2015 and ISO 14001:2015 management systems to improve production quality while enhancing environmental performance at the workplace.

The Integrated Management System is supported by the Quality Policy, illustrating our commitment to manufacturing quality goods. Similar to the management system, MEGAM's Quality Policy is integrated with the subsidiary's Environmental Policy, and was adopted on 10 December 2020. The policy outlines MEGAM's commitment to achieving continuous improvement through:

- **S**ustainable growth
- **T**otal customer satisfaction
- **I**nspiring learning and education
- **C**ompliance with all relevant laws and regulatory requirements
- **K**eeping a systematic and safe work environment
- **E**ffective and efficient processes
- **R**esearch and development

Control and sampling plans have also been implemented by MEGAM. These plans provide guidance to workers by detailing standardised manufacturing procedures undertaken by MEGAM for manufacturing activities such as printing, plate-making, and lamination. MEGAM also conducts in-house Quality Control and Quality Assurance inspections throughout the production line to ensure goods are produced according to the expected quality standards. These inspections are conducted in a series of six (6) checkpoints, commencing at the pre-fabrication stage and concluding at the outgoing stage.

During the initial checkpoints, input materials, such as stickers and ribbons, are inspected for width, material type and liner, among other criteria. Once the labels are manufactured, the final product is reviewed based on requirements stipulated by buyers in the job order.

We collaborate with our customers to adhere to labelling requirements stipulated by the importing countries. Since our last sustainability statement, labelling requirements remain unchanged and in FY2021, we recorded zero incidents of product mislabelling.

MEGAM's Labelling Requirements

Product Information

- ☐ Brand
- ☐ Country of Origin
- ☐ Size
- ☐ Content
- ☐ Product Identification Code
- ☐ Care and Wash Instruction

Product Warning

- ☐ Flammability
- ☐ Children Choking hazard
- ☐ Allergy to Fibre

Product Compliance

- ☐ Test for Harmful Substances
- ☐ Compliance to European Health, Safety and Environment Mark
- ☐ Recycled Fibre Content

We conduct surveys annually to gauge customer satisfaction and identify areas of improvement within our operations. The survey is distributed by email and addresses various aspects of products and services provided.

Survey Checklist

In the financial year under review, we obtained an average customer satisfaction score of 82.68% with no responses below 60%.

PCCS Garments (Suzhou) Limited ("SGL")

SGL adheres to quality standards stipulated by our buyers (i.e., Decathlon Production Requirement) and is audited biennially by external parties to ensure we continue to adhere to manufacturing standards.

Our Quality Assurance Department conducts inspections of input materials, semi-fabricated products and final products to ensure they are manufactured according to buyers' standards. These products are inspected according to durability and perceived fabric quality. Tests are also conducted to measure the quality of the apparel produced, including fabric shrinkage, tape and shear tests.

SUSTAINABILITY STATEMENT
(CONT'D)

Wan He Da Manufacturing Company Limited ("WHD")

Similarly, our apparel products manufactured at WHD are fabricated in line with customer prerequisites. To ensure we comply with the expected standards, our operations undergo annual customer audits. These audits are conducted across the entire production line, commencing with raw material inspections and concluding with quality checks of the finished product.

Annual customer satisfaction surveys are also conducted to gauge satisfaction levels and identify areas of weakness within our production line. Criteria of this survey include quality, delivery and pricing. When gaps in our operations are identified, corrective actions are formulated and implemented under the Customer Complaints Management System.

RESPONSIBLE SOURCING

Input materials such as ink, paper, fabrics and carton are procured by the Group to produce our apparel and labelling goods. Supply chain management is essential for the Group to ensure continuous manufacturing of quality products and customer satisfaction. When selecting suppliers, we aim to minimise supply chain risks.

MEGAM

When appointing new suppliers at MEGAM, we utilise a Supplier Qualification Procedure to evaluate the capabilities of potential suppliers to meet the needs of MEGAM. Suppliers are evaluated for their pricing, delivery time, and quality by the Quality Assurance Department prior to their appointment. We also appoint suppliers based on their compliance with the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation enforced by the European Union, as well as their ability to supply materials that do not contain hazardous substances.

Moreover, 25% of new suppliers screened in FY2021 were evaluated for their ability to supply environment-friendly material. This was due to the fact that the Group was looking to incorporate more environmentally sound materials (i.e., Polyethylene Terephthalate Glycol shrink sleeve film) in our products.

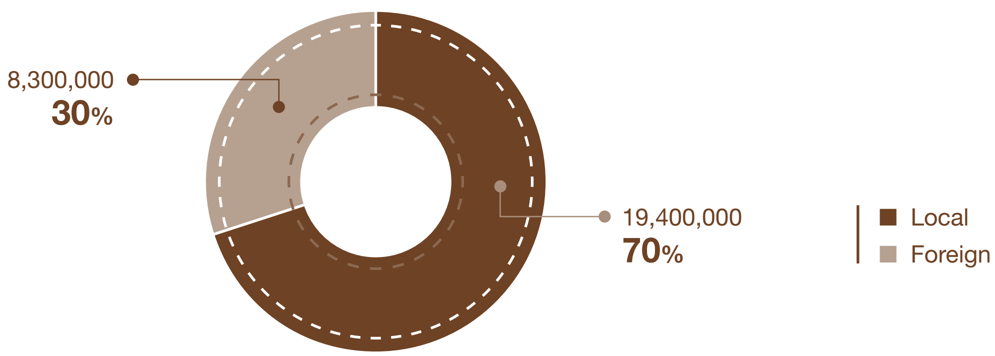
Once appointed, suppliers are rated based on their performance and are classified according to the Supplier Rating and Classification Procedure. This facilitates a channel for us to monitor and measure improvements. Supplier performance is reviewed on a quarterly basis.

WHD

At WHD, potential suppliers are screened prior to appointment based on quality of goods and promptness in delivery. A Supplier Evaluation Report is then produced, outlining the respective grades of each supplier and their scores based on the inspection conducted.

We aim to support local economic growth and seek to create business opportunities for local businesses. For FY2021, we expended 70% (RM 19.4 million) of the Group's procurement budget on local suppliers.

Procurement Expenditure for FY2021 (RM)



INNOVATION

The Group looks to incorporate innovative solutions that maximise productivity without compromising product quality. By doing so, we seek to improve the efficiency of our production line and maintain customer satisfaction.

MEGAM

At MEGAM, we continue to incorporate process automation across our production line to enhance productivity, minimise human error and retain our competitive edge in the market. We have also adopted water-based plate processing procedures to reduce plate processing cycle time from ten (10) hours to three (3) hours per plate.

Similar to FY2020, we continue to implement the Toyota Production System ("**TPS**") within MEGAM. The production system is often referred to as the lean manufacturing system and aims to enhance production efficiency by eliminating inconsistency, overburden and waste. Components of the TPS that have been incorporated in our subsidiary include 5S (Sort, Set In Order, Shine, Standardise and Sustain) practices, which are further elaborated in the Occupational Health and Safety disclosure.

Since implementing the TPS in 1998, we continuously look to enhance our production practices by adopting a throughput approach. Employees are also provided training bimonthly training to familiarise themselves with the system. A *Kaizen*[1] team was also formed to execute Kaizen projects across the subsidiary to enhance production efficiency.

BUILDING OUR WORKFORCE AND COMMUNITY

Occupational Health and Safety

PCCS strives to maintain a safe work environment for our employees at our factories and offices through the implementation of health and safety measures. This determination has been reinforced amid the health and safety concerns arising from the COVID-19 pandemic. We adhere to laws and regulations stipulated by the respective governments in the countries the Group operates in (i.e., Occupational Safety and Health Act 1994 [Malaysia], Chapter VIII of the Labour Law 1997 [Cambodia], Work Safety Law of the People's Republic of China [2009 Amendment]).

MEGAM's Safety and Health Policy

Compliance with relevant legal and regulatory requirements

Always think of safety first

Respect humanity

Environment friendly and safe work place

Our approach to managing occupational health and safety ("**OHS**") risks and opportunities at MEGAM and WHD is built on the foundation of subsidiary-specific OHS policies. These policies are enforced by the Safety Officer (MEGAM) and Human Resources and Production departments (WHD), and play a role in ensuring we adhere to OHS-related legislation. We have also established workplace procedures to guide employees with regards to OHS matters. These policies and procedures are reviewed and updated regularly to safeguard effectiveness.

OHS Policies and Procedures at WHD

- Health and Safety Policy
- Electrical Safety Inspection Policy and Procedure
- Hot Work Policy
- Workplace Housekeeping Policy and Procedure
- Noise and Light Control Procedure
- Work Instruction For Using Forklift
- Machine Safety Guard Policy
- Policy on Safe Drinking Water

[1] Kaizen is a Japanese term referring to continuous improvement.

SUSTAINABILITY STATEMENT
(CONT'D)

At MEGAM and WHD, OHS committees have been established, consisting of employer and employee representatives. These committees meet quarterly (MEGAM) and bimonthly (WHD), and provide channels for employees to raise concerns regarding the OHS management approach at the subsidiaries. Primary responsibilities of the OHS Committees include:

- Assisting with the development of OHS guidelines and procedures;
- Disseminating OHS and environmental policies to the workforce;
- Reviewing the effectiveness of existing OHS policies, measures and programmes;
- Identifying OHS trends at the workplace; and
- Implementing corrective action plans to close identified OHS gaps.

As an additional measure, WHD undergoes internal and external audits to ensure existing OHS practices comply with statutory and buyers' requirements. Audits are conducted in accordance with the procedures outlined in subsidiaries' Compliance Management System. If non-compliances identified, corrective actions are formulated and executed to address and correct them.

Risk Assessment

Risk assessments are an integral part of ensuring OHS risks are minimised. MEGAM conducts Hazard Identification, Risk Assessment and Risk Control ("**HIRARC**") exercises to identify and categorise OHS risks, and develop mitigative controls to address identified risks. The HIRARC exercise is conducted by the Safety Committee on an annual basis and is led by the subsidiary's Safety Officer.

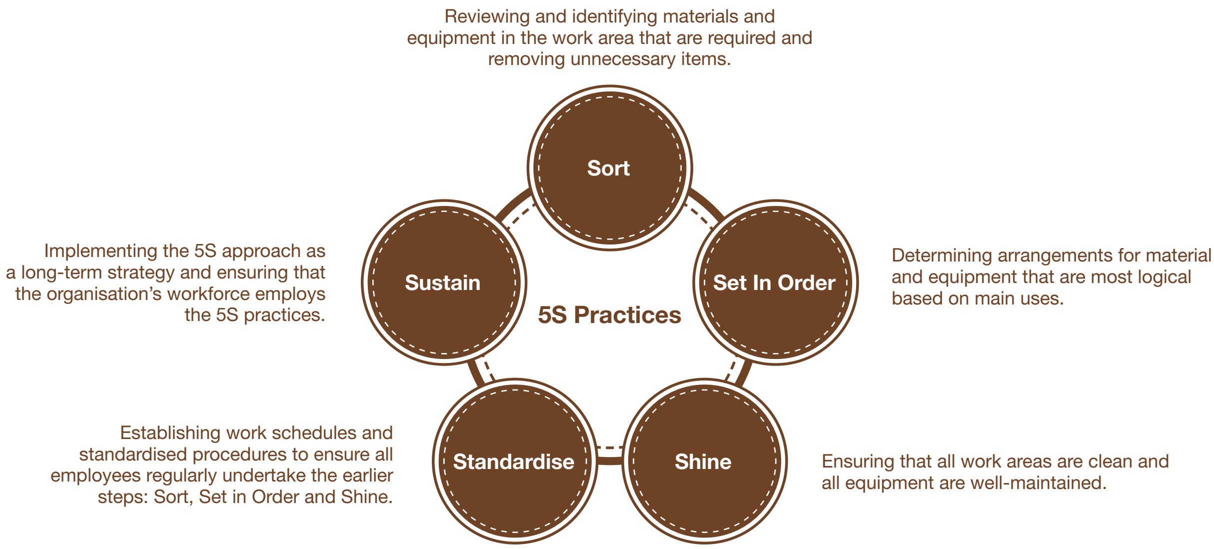
At SGL, OHS risk assessments are conducted by the Administrative Department annually. The findings of these assessments are analysed and used to formulate appropriate initiatives and procedures to minimise risks.

A Risk Assessment Management System has been adopted by our Cambodian operations. The management system outlines procedures to be undertaken and the roles and responsibilities of competent persons when conducting an OHS risk assessment. The assessment is conducted biannually by the Safety Officer who is supported by a Health, Safety and Environment team.

Risk assessment results are recorded in risk registers. Using assessment findings, PCCS is then able to develop and enforce effective risk controls and mitigative measures to eliminate potential health and safety hazards at the workplace.

Training

At MEGAM, we reinforce OHS practices among our employees by conducting a weekly 5S + Safety Audition programme. The objective of the programme is to ensure routine 5S and Safety practices are effectively implemented. The programme encompasses weekly Gemba Walks around the factory which are conducted by the 5S Committee, led by Quality Assurance/Quality Control Manager and Safety Officer.



Training programmes are conducted to ensure employees remain well-informed of OHS best practices. The programmes covered a range of topics including:

- Chemical Spill Drill
- Fire Drill
- Safety Awareness Briefing
- Forklift Safety

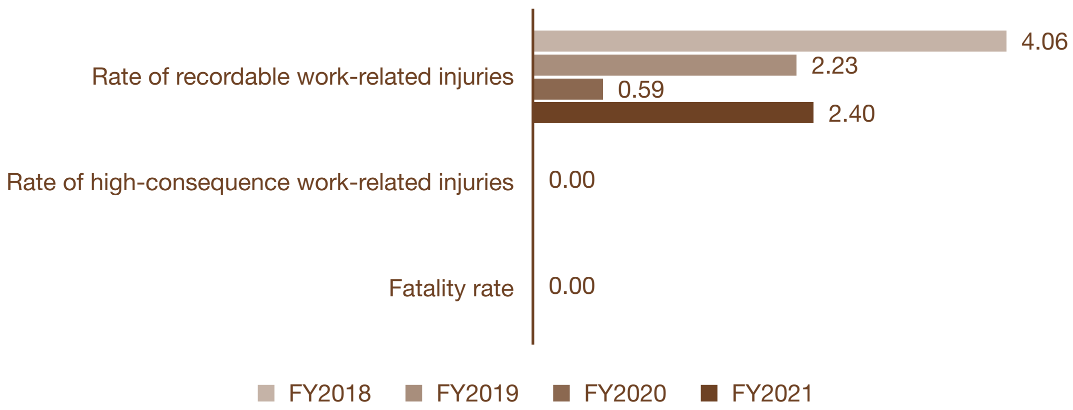
Reporting

In the event of a workplace accident, we have established procedures to address and resolve such incidents. MEGAM adopted a guideline, Proper Action Steps in Case of Workplace Accidents, which details steps to be taken in order to effectively manage and resolve such incidents. All details of an accident are recorded using an accident report form and are submitted to the Administration Department for safekeeping. Similarly, an accident investigation is conducted and an incident report is prepared when a workplace accident occurs at SGL.

Safety incidents at WHD are reported and investigated in accordance with the subsidiary's Accident Investigation Policy. The policy establishes the requirement that employees are to report all workplace incidents, regardless of scale, to their respective supervisors for documentation and investigation. Once the investigation is concluded, an incident report is produced and corrective measures are implemented.

This year, we recorded zero fatalities across the 5,412,852 manhours worked in all three (3) subsidiaries. Zero work-related injuries were recorded at MEGAM and SGL, whereas thirteen (13) injuries were recorded at WHD in FY2021. Incidents recorded include sharps injuries and injuries resulting from operating machinery, among others.

OHS Performance



COVID-19

With the global COVID-19 outbreak, PCCS has adopted new measures to safeguard business continuity and maintain a safe work environment across our operations.

A Handbook for COVID-19 Prevention Measures was produced and distributed to all employees at MEGAM. Similarly, a COVID-19 Prevention Management Programme was operationalised at WHD, along with a guiding document and committee to effectively implement the programme across the subsidiary.

SUSTAINABILITY STATEMENT
(CONT'D)

The handbook and guiding document summarise the Standard Operating Procedures ("**SOPs**") that the workforce is required to adhere to. SOPs highlighted in the handbook and guiding document include:

- Mask wearing and disposal;
- Social distancing;
- Personal hygiene precautions; and
- Hand hygiene practices.

Upon entry to the premises, all employees are required to undergo daily temperature checks and disinfection. Those displaying symptoms and recording temperatures above 37.5˚C are to report to the infirmary for further health checks (WHD), or will not permitted to enter into the premises (MEGAM). Visitors are also required to check-in at the guardhouse for body temperature checks – if they record body temperatures above 37.5˚C, they will not be permitted into the premises. The workplace is disinfected regularly and disinfection spray stations have been erected at MEGAM's factory entrances. Additionally, we have installed hand sanitising stations around the factories.

MEGAM

A Business Continuity Plan has been developed by MEGAM to mitigate the risks and impacts of the outbreak and prevent disruption to business operations. The plan consists of three (3) components:

i) Prevention

The awareness on COVID-19 preventative measures among our workforce was raised by educating employees on the health and safety guidelines imposed by the Ministry of Health.

ii) Emergency Planning and Preparedness

Emergency procedures were developed to safeguard business continuity and enable operations during periods of business disruption (i.e., government-imposed lockdowns). The decisions regarding the procedures and plans are subject to approval from our management depending on the perceived threat level. There are four (4) threat levels which have been identified based on the severity of infection and used to impose travel restrictions:

The country or region has no epidemic situasi involving dangerous communicable disease. Travel to this area is considered "business as usual".

The country or region has confirmed cases of dangerous comunicable diseases which are approaching epdemic or pandemic levels. Travel advisories will be posted meaning you should be aware of the potential risk, but no travel bans are in effect.

An epidemic has broken out into the general population, and the risk of catching a dangerous commuicable disease is much more substantial. Travel Restrictions will be issued and other measures will be taken to reduce the risk and spread at this stage.

The infected country or region has reached pandemic stage, and travel here is not possible. Any and all company meetings in this area should be cancelled immediately. Company business in these areas should be in continuity planning stages.

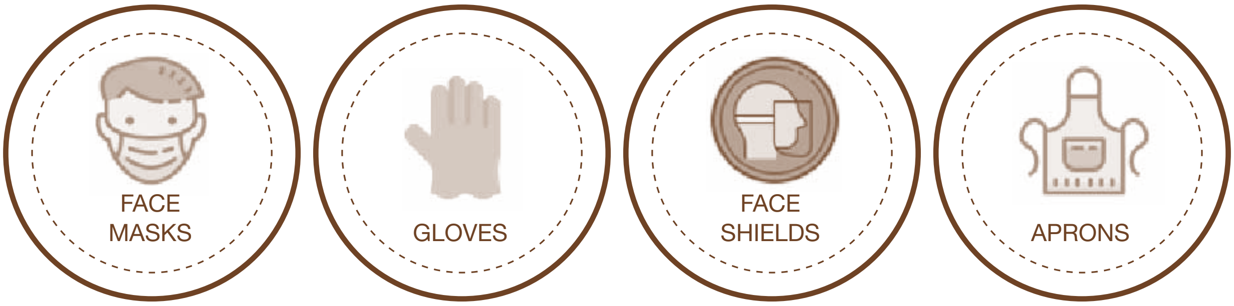
iii) Disaster Recovery

Management has imposed that certain steps be taken to determine following actions in order to gradually return to normal operations:

Our subsidiary in China, SGL, practices SOPs such as social distancing and the use of Personal Protective Equipment ("**PPE**"). These SOPs are communicated to all employees via briefing sessions upon return to the workplace. We also distribute posters to raise awareness about the contagion and inform employees on proper mask wearing and hand hygiene practices.

Across our subsidiaries, we distribute PPE to our employees.

Types of PPE Distributed



Handbooks, programmes and SOPs were formulated in accordance with guidelines and instructions issued by the respective government bodies in Cambodia, China and Malaysia, and the World Health Organisation ("**WHO**").

LABOUR RIGHTS

As stated in a 2021 publication[2] by Tranparentem[3], "the vulnerability of foreign migrant workers to forced labour is endemic to Malaysia's textile and garment industries". As a Malaysia-based entity, PCCS seeks to be a part of the solution and contribute towards the protection of human rights across our operations.

We take a proactive stance in respecting labour rights in order to safeguard a conducive environment for our workforce. We do not condone the unethical employment of workers and work to prevent such occurrences across our supply chain. Our employment procedures are guided by regulatory requirements as stated in the Employment Act 1995 (Malaysia), Labour Contract Law (China), and Labour Law 1997 (Cambodia). We also work to ensure our employment practices are aligned with the United Nations Guiding Principles on Business and Human Rights.

PCCS prioritises equal opportunity for employees and exercises fair employment practices. We provide career opportunities to individuals based on skill and experience and do not discriminate based on race, ethnicity, caste, national origin, age, religion, disability, gender. During the financial year under review, we recorded no incidents of discrimination across our subsidiaries.

MEGAM

At MEGAM, we undergo regular third-party audits to ensure we fully comply with applicable labour laws. Our workforce is also trained on employment matters so as to prevent non-compliance with labour laws and the infringement of human rights at the workplace.

MEGAM has also established a Corporate Social Response Guide which details the subsidiary's approach to addressing forced labour, child labour, working hours, discrimination, disciplinary practices and more. The guide is to be adhered to by all suppliers and contractors the subsidiary engages with and requires them to submit written acknowledgement, indicating that they fully understand and will comply with the standards detailed in the guide. Through this measure, we ensure we do not contribute to the unethical employment of persons.

---

[2] Transparentem. (2021, March). *Buyer/Supplier Collaboration Leads to Partial Recruitment Fee Reimbursements for Migrant Workers in Malaysia (2020)*. https://www.transparentem.com/wp-content/uploads/2021/03/Transparentem-Malaysia-2020-Investigation-Summary.pdf

[3] Transparentem is an independent, philanthropically-funded, non-profit organisation that uses front-line investigative methods to identify environmental and human rights abuses in global supply chains.

WHD

Since 2015, PCCS' Cambodian operations, WHD, has undergone periodic compliance audits by Better Factories Cambodia, under Better Work[4], to assesses our compliance with international labour standards and Cambodian employment laws. The most recent audit was conducted this reporting period on 3 November 2020.

The audit addressed a range of employment matters:

- Occupational health and safety
- Child labour
- Compensation
- Contract and human resources
- Working time

No major concerns were highlighted during the audit, indicating that WHD continues to comply with international labour standards and national employment laws.

In addition to third-party audits, WHD adopted an overarching Human Rights Policy. The policy addresses a wide-range of human rights matters including discrimination, forced and child labour, harassment, remuneration, and work hours, among others. Those found to have defied the policy can be reported through grievance mechanisms outlined on page 81 of this 2021 Annual Report.

The Human Rights Policy is supplemented by an extensive register of policies and procedures to ensure employee rights are not violated. These policies include, but are not limited to:

- Prohibition of Forced Labour, Slavery and Human Trafficking Policy
- Prohibition of Child Labour Policy
- Anti-Harassment Policy and Procedures
- Wage, Compensation and Benefits Policy
- Working Hours Policy
- Prohibition of Discrimination Policy
- Foreign Employee Policy
- Recruitment Policy and Procedure
- Employee Termination and Retrenchment Policy and Procedure
- Equal Employment Opportunity Policy
- Policy and Procedure for Investigation Violation of Human Resource Policy

As illustrated by WHD's Freedom of Association and Collective Bargaining Policy, we respect the rights of our employees to participate in trade unions and collective bargaining. The Group recognises one (1) trade union at WHD and works to ensure no employees are discriminated against for their participating in such unions.

---

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

TALENT ATTRACTION AND RETENTION

Below is a snapshot of the Group's employee strength across three (3) subsidiaries. Our workforce comprises 2,517 employees of which 73% are female. Additionally, 96% of our workforce are aged below 50 years and 84% are non-executive workers employed at our factories. The majority of employees hired by the Group are local, forming 96% of the total workforce.

PCCS aims to foster a productive workforce by supporting employee well-being. Hence, we seek to enhance our ability to attract and retain talent that support business growth.

We utilise a variety of channels to recruit new talents, including online job portals, social and print media, and career events. Once employed, workers are compensated fairly. We abide by minimum wage standards across our markets. Employees are also provided attractive remuneration packages which include a range of benefits.

Employee Benefits

- ✔ Bonus
- ✔ Profit Sharing
- ✔ Medical Expenses
- ✔ Insurance
- ✔ Wedding Gift
- ✔ First Baby Gift
- ✔ Long Service Award
- ✔ Annual Leave
- ✔ Marriage Leave
- ✔ Parental Leave
- ✔ Sick Leave
- ✔ Hospitalisation Leave
- ✔ Compassionate Leave

We support working mothers by providing benefits such as parental leave, breast feeding facilities and flexible work arrangements. At WHD, we adopted a policy for expectant employees. The policy outlines procedures to ensure expectant and new mothers are kept safe while at the workplace.

An employee satisfaction survey is conducted annually in SGL and WHD, and once every six (6) months in MEGAM to gauge levels of contentment at the workplace. The survey allows us to identify areas of weakness and develop solutions to resolve those gaps. During FY2021, WHD recorded overall satisfaction scores of 85% and MEGAM recorded an average score of 3.8 out of 5.

The Group also organises an array of employee engagement programmes. These programmes seek to boost employee morale and foster employee relations at the workplace.

SUSTAINABILITY STATEMENT
(CONT'D)

Employee Engagement Programmes 2021

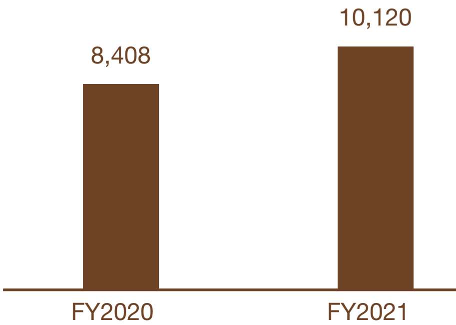
In addition to engagement programmes, we strive to support our employees in realising their career aspirations. PCCS provides capacity building opportunities to our employees which aim to enhance their professional knowledge and skillset as well as contribute to personal growth.

The training programmes conducted in FY2021 address a range of topics, and were conducted internally and externally. We recorded a total of 10,120 training hours – a 20% increase compared to FY2020. We also registered an average of 4.02 training hours per employee, 27% more than FY2020.

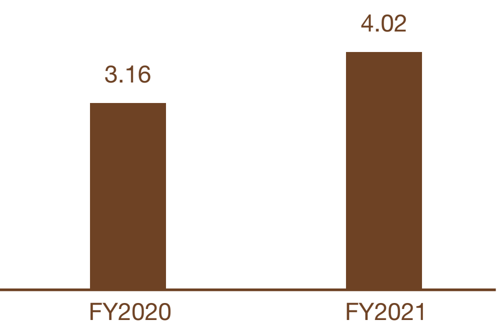
Training Programmes Conducted in FY2021

- ✓ Effective Sales Skills
- ✓ Machine Knowledge
- ✓ 7 Habits of Highly Effective People
- ✓ Interpersonal Skills
- ✓ Quality Auditing Skills

Total Training Hours Recorded



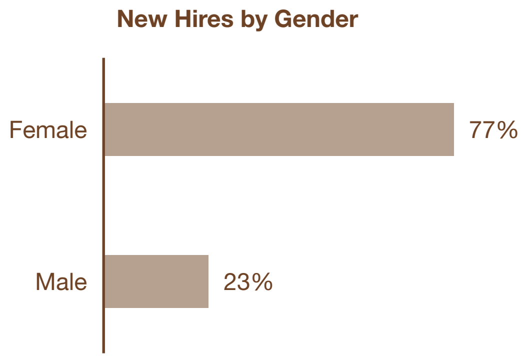
Average Training Hours Per Employee

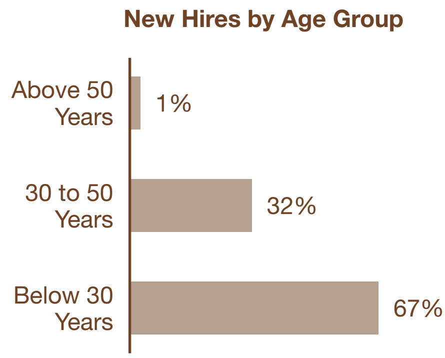


Employees at MEGAM are subject to performance appraisals biannually and undergo monthly career development reviews as part of the one-to-one coaching sessions organised by the subsidiary. During FY2021, 73% of eligible employees at MEGAM underwent performance appraisals. Our workforce at WHD also undergoes yearly performance and career development reviews – a total of 122 employees received career reviews at WHD.

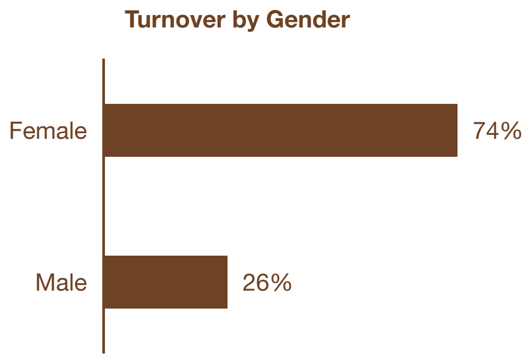
New Hires and Turnover

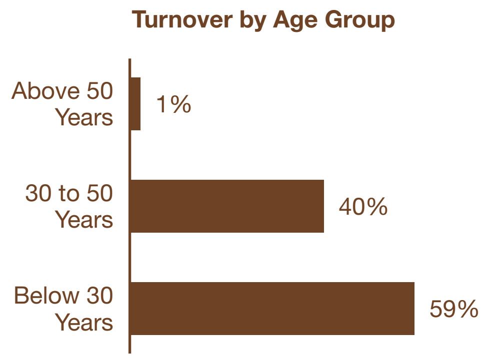
In the financial year under review, we recorded a total of 872 new hires, achieving a new hires rate of 52%. 77% of new hires or 670 individuals were female and the remaining 23% or 202 individuals were male. 67% of new hires were aged below 30 years, followed by 32% aged between 30 to 50 years, and 1% aged above 50 years.





The Group recorded a total of 1,096 turnovers and a turnover rate of 65% in FY2021. 74% of turnovers or 809 individuals, were female and 59% or 647 individuals were aged below 30 years.





CUSTOMER PRIVACY AND DATA PROTECTION

With digital transformation, we have become increasingly dependent on information technology to store and communicate data, thus increasing our exposure to cybersecurity risks. The Group has implemented measures to ensure our software and firewall systems are up-to-date to minimise the risk of data breaches. Our procedures are in line with regulatory requirements such as the Personal Data Protection Act 2010 (Malaysia), and industry best practices. All data managed by the Group is done so in accordance with PCCS' Data Policy. The policy outlines the procedures for accessing and storing customer data.

To limit the risk of data mismanagement, only authorised personnel are permitted to access customer data and information. At MEGAM, customer information is stored for five (5) years and is backed up daily to allow rapid recovery in the event of primary data failure. All customer information managed by WHD is stored in a server for a minimum of one (1) year, subject to customer consent. Employees are also required to sign a data confidentiality agreement, indicating their obligation to safeguard data from unauthorised use.

In the event of a data breach, MEGAM has established a System and Data Recovery Policy. The policy outlines the contingency steps to be taken to resolve the matter and prevent reoccurrences of such incidents. At WHD, an internal investigation is conducted by Management and Management Information System Department to determine the cause of breach – the investigation is guided by Management Information System Control procedures. As a result of our successful data management approach, we received zero complaints regarding customer data breach in FY2021.

COMMUNITY ENGAGEMENT

PCCS seeks to foster and support the development of local communities in areas where we operate and reduce the socioeconomic disparity in these communities.

MEGAM

On 8 August 2020, MEGAM conducted a training programme, *How to Create a Better Life Through Servic*e. The programme aimed to enhance the skills and knowledge of nurses and other medical staff when providing care; a total of thirty-eight (38) nurses and medical personnel participated in the programme. The Group sponsored the facilities, presenter and manpower for the training programme.

A Blood Donation Drive was organised on 14 October 2020 at Batu Pahat Mall, Malaysia where eleven (11) employees donated blood. The Group also sponsored a total of RM500 in goody bags for those who participated in the donation drive.

In light of the COVID-19 pandemic, we continued to support local communities through the provision of PPE to Rotary Clubs in Batu Pahat and Kulai, Johor. A total of 2,000 pieces of disposable isolation gowns and other PPE, amounting to RM 87,258 were donated.

GOVERNANCE AND COMPLIANCE

ETHICS AND INTEGRITY

We have established a variety of groupwide measures across our subsidiaries to ensure business is performed in an ethical manner. The Group has adopted a Code of Business Conduct and Ethics ("**Code**") which outlines the standards of behaviour expected of all directors, managers and employees. The Code is communicated to employees through the corporate website, Employee Handbook, intranet and notice boards. A briefing on the Code, along with supporting documents and policies, is also conducted for new employees as part of the induction programme.

Upon commencement of work at PCCS, all employees are provided an Employee Handbook. The handbook supports the implementation of the policies previously mentioned and informs employees on the basic principles of employment terms. It is reviewed and updated periodically in accordance with statutory requirements and industry best practices.

In addition to the Code and Employee Handbook, PCCS adopted an Anti-Bribery and Corruption Policy in FY2020, which was developed in accordance with the Malaysian Anti-Corruption Commission Act 2009. The policy aims to prevent occurrences of bribery and corruption within our organisation, and provides guidelines for employees concerning bribery and/or corruption-related matters. It encompasses the following key areas:

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

All Heads of Department are responsible for disseminating the policy to employees and enforcing it wholly across the subsidiaries. Townhalls and briefings are organised to inform employees about the policy and any amendments made to it. The latest version of the policy is also published on bulletin boards at the factories.

External third parties are also provided a copy of the policy upon commencement of work with the Group, and are required to adhere to the policy to safeguard an ethical value chain. To ensure the policy is accessible to all, it has been made available on our corporate website. We conduct annual anti-bribery and corruption training for our employees to educate them about the policy and prevent the occurrence of such incidents.

Annual corruption risk assessments are conducted at our Cambodian operations following the Risk Management System disclosed on page 72 of this 2021 Annual Report. Upon completion of the assessment, a Corruption Risk Assessment Report is generated, detailing the risks identified, risk ratings and the respective controls.

Reporting

Employees who are found to have participated in improper business conduct or violated the Code and Anti-Bribery and Corruption Policy in any manner can be reported through the procedures outlined in the Group's Whistle Blowing Policy. The policy provides a channel for individuals to report incidents of malpractice committed by employees, management and directors of the Group.

By utilising the procedures outlined in the policy, the whistle blower maintains anonymity and is exempted from the threat of retaliation. Incidents relating to reporting and illegal conduct are to be submitted to the Audit Committee Chairman, Group Executive Chairman, or Group Managing Director, whereas cases regarding human capital management practices are reported to the Head of Human Resources or Deputy Group General Manager.

The implementation of the policy falls under the purview of the Audit Committee and is reviewed once every three (3) years for effectiveness and relevancy. All changes made to the policy are subject to the approval of PCCS' Board of Directors.

At WHD, we have established channels for employees to report complaints and concerns to Management. If grievances are not resolved immediately by an immediate supervisor, they are escalated to the Grievance Handling Committee, Labour Inspector and, lastly, the Arbitration Council for resolution. These mechanisms are detailed in a Grievance Procedure document that is reviewed annually by the Human Resources Manager. In FY2021, a total of four (4) grievances were submitted and are currently being investigated and reviewed.

Grievance Procedure at WHD

REGULATORY COMPLIANCE

Adherence to regulatory and statutory requirements are pivotal in sustaining business operations across our markets. PCCS operates in diverse locations and therefore, we have in place varying mechanisms across our markets to ensure we are up-to-date with the evolving regulatory landscape.

At MEGAM, we are certified under the ISO 9001:2015 and ISO 14001:2015 management systems. As per certification requirements, we are required to adhere to all legal regulations and are audited annually to ensure compliance with certification criteria.

WHD safeguards compliance through various measures. WHD is subject to annual audits by Better Factories Cambodia for compliance with national labour laws. A report is then produced, summarising key findings and highlighting areas of non-compliance or weakness – this allows us to develop and implement effective measures so as to rectify any non-compliances identified. Additionally, we are also required to ensure compliance across the entity as stated in buyers' codes of conduct and purchasing requirements (i.e., PUMA Code of Conduct).

We expect all individuals working for and on behalf of the Group to maintain strict compliance with all applicable laws and regulations. Employees are made aware of all compliance measures upon entry to the Group. A Communication Procedure has been established at MEGAM to ensure effective communication of compliance measures across the subsidiary. Employees at SGL are made aware of changes in regulatory requirements using memorandums.

In the event of a non-compliance incident, we have implemented subsidiary level procedures to manage and resolve these issues:

MEGAM
Legal & Other Requirements Procedure

WHD
Compliance Management System

For FY2021, one (1) case of non-compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 (Malaysia) was recorded as we failed to label the scheduled wastes accordingly and update the scheduled waste inventory on the Department of Environment's (DOE) Electronic Scheduled Waste Information Systems. Consequently, we incurred a RM2,000 fine. We have implemented corrective actions to remediate the non-compliance – a competent individual has been assigned and trained to ensure scheduled waste is managed accordingly within the subsidiary.

PRIORITISING ENVIRONMENTAL SUSTAINABILITY

Our Malaysian subsidiary, MEGAM, has obtained ISO 14001:2015 Environmental Management System certification, and is audited annually to ensure compliance with certification requirements. Though not certified to international management system standards, WHD has adopted an Environmental Management System. These management systems guide and ensure the entities continue to implement best practices when managing and mitigating environmental impacts.

The implementation of environmental management systems is supplemented by our subsidiary-specific environmental policies. These policies illustrate our commitment to preserving the natural environment by:

- Utilising and consuming natural resources in an efficient manner;
- Participating in environmental conservation and protection activities;
- Preventing pollution;
- Enhancing awareness among our workforce on the management of environmental impacts; and
- Adhering to all applicable legal and regulatory requirements

As an additional measure, MEGAM has in place an Environmental Management Programme. The programme comprises five (5) environmental performance targets and the necessary actions to achieve the set targets.

Target	
1.	Reduce electricity consumption intensity by 2%
2.	Reduce water withdrawal intensity by 3%
3.	Reduce total purchase of chemical against revenue by 3%
4.	Reduce A4 paper ream consumption against revenue by 2 reams
5.	Reduce scheduled waste disposal against revenue by 5%

Similarly, WHD has established a 3-Year Environmental Management Programme during FY2021. The programme consists of eighteen (18) environmental performance targets, the responsible departments and targeted project commencement and completion dates.

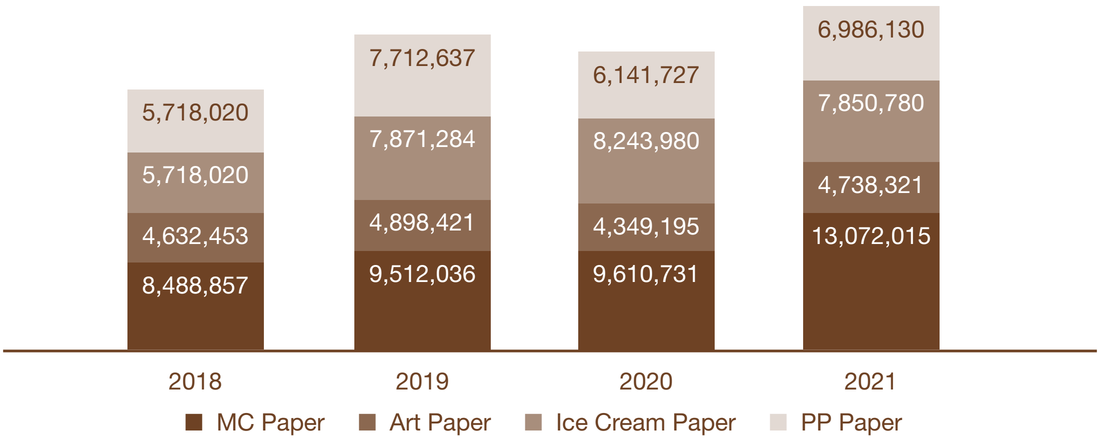
Material Consumption

As part of our efforts to minimise our environmental footprint, we seek to limit unwarranted consumption of input materials when manufacturing our products and incorporate recycled and renewable materials where feasible.

MEGAM

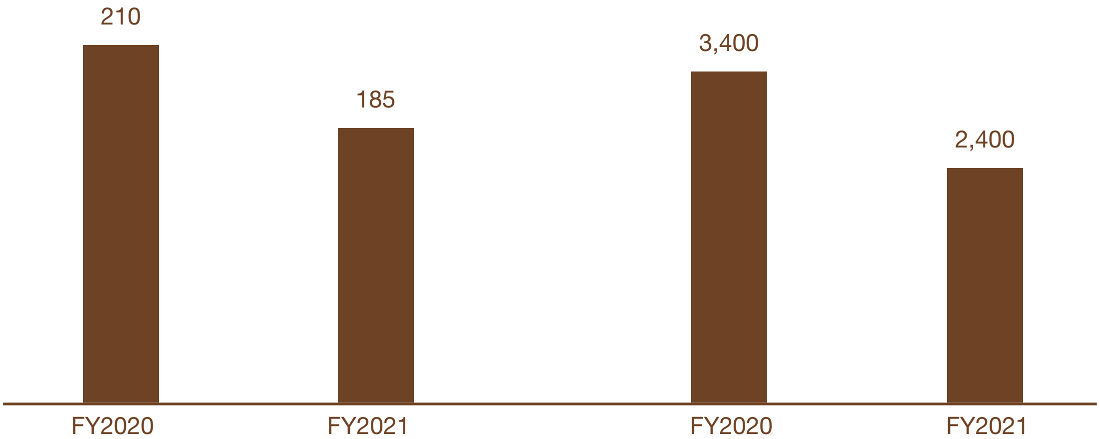
Hazardous materials are not used to manufacture our labelling products. Principal materials utilised by MEGAM are machine-coated ("**MC**") paper, art paper, ice cream paper and polypropylene ("**PP**") paper. We utilised a total of 32,647,246 metres of paper in FY2021, a 15% increase compared to FY2020 which was a consequence of increased demand in the third quarter. Chemicals, such as solvent and acetone, are also purchased for cleaning and maintaining machine spare parts. A total of 185 litres of acetone and 2,400 kg of solvent were purchased in FY2021, 12% and 29% less than in FY2020.

Material Consumption by MEGAM (metres)



Acetone purchased by MEGAM
(litres)

Solvent purchased by MEGAM
(kg)



SUSTAINABILITY STATEMENT
(CONT'D)

MEGAM procures materials only when needed and avoids purchasing materials in bulk as it promotes unnecessary consumption of raw materials. We have also established material reduction targets as follows:

Material	Reduction Target
Durst	31%
Flexo	22%
Gallus	22%
Intermitten	69%
Letterpress	37%
Silkscreen/Heat Transfer	39%

We have also invested in two (2) auto splicer machines in FY2021. These machines achieve greater material savings by matching registration marks on film webs, thus eliminating the need to re-register film after each splice.

Paper is often purchased by MEGAM for administrative and office purposes. We target to reduce our consumption of paper by accelerating process digitisation where possible. In FY2021, we utilised a total of 7,929,518 sqm of paper, 21% more than in FY2020.

SGL

In the financial year under review, SGL embarked on a Green Factory Project. The project is a three-year-long initiative that aims to drive sustainable development within the subsidiary by minimising overall environmental impact.

Green Factory Project Components

Through the project, SGL is committed to incorporating non-hazardous raw materials in the production process.

WHD

WHD primarily utilises fabric for apparel production and consumed a total of 3,000 tonnes during FY2021. Accessories are also purchased for garment manufacturing, with a total of 300 tonnes purchased in FY2021.

WASTE MANAGEMENT

Proper waste management practices are essential for reducing our environmental footprint. We work to ensure all waste generated by the Group is handled in accordance with applicable environmental regulations (i.e., Environmental Quality (Scheduled Wastes) Regulations 2005 [Malaysia], Law on Environmental Protection and Natural Resource Management 1996 [Cambodia], Environment Protection Law 2018 [China]).

Hazardous Waste

We employ waste contractors authorised by the respective regulators in each of the countries we operate in. All waste generated is segregated and labelled to ensure proper waste management practices.

The primary types of hazardous waste generated by MEGAM include:

SW322
Waste of non-halogenated organic solvents

SW410
Rags, plastics, papers or filters contaminated with scheduled wastes

SW417
Waste of inks, paints, pigments, lacquer, by or varnish

SW429
Chemicals that are discarded or off-specification

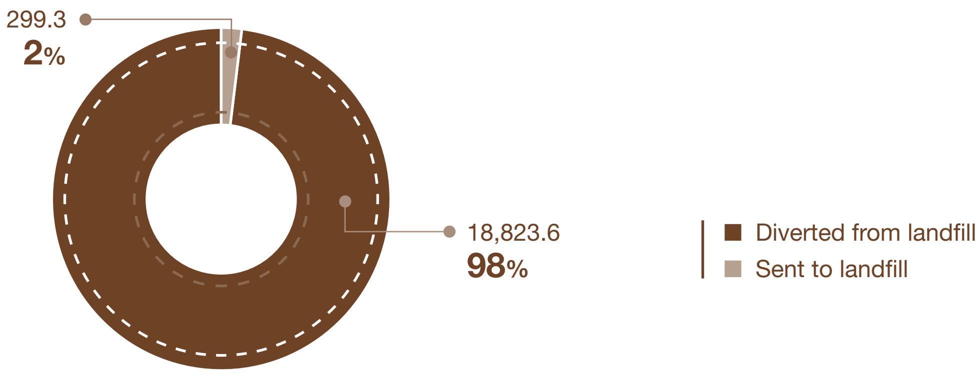
Unfortunately, we recorded one (1) incident of non-compliance at MEGAM regarding the Environmental Quality (Scheduled Wastes) Regulations 2005. More information concerning the non-compliance can be found on page 82 of this 2021 Annual Report.

Non-Hazardous Waste

The Group implements 4R (Reduce, Reuse, Recycle, Recover) waste management practices where possible to reduce our input to landfills, thus minimising our environmental impact. We encourage our employees to practice prudent waste practices and conduct awareness programmes throughout the year.

In FY2021, the Group generated a total of 19,122.9 tonnes of non-hazardous waste. 18,823.6 tonnes were diverted from landfill, and 299.3 tonnes disposed at landfill. Types of waste disposed include paper, foils, films, ribbons and kitchen waste.

Non-hazardous waste (tonnes)



WATER CONSUMPTION

Though we do not operate in water-stressed regions, the increasing threat of water disruptions and shortages has led us to improve water management practices. Across our subsidiaries, water is predominantly used for domestic purposes and in manufacturing activities.

All subsidiaries established water-saving targets during FY2021.

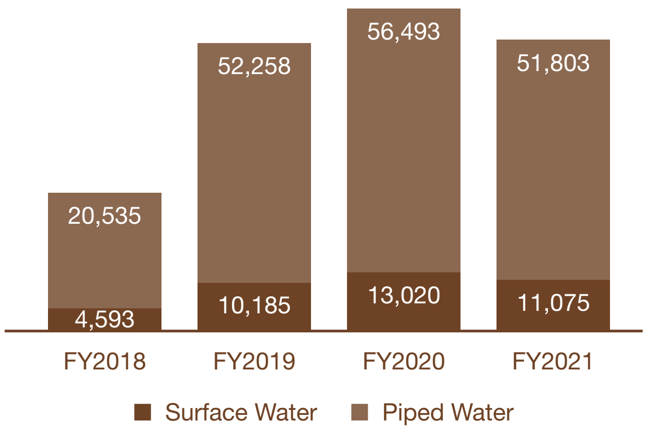
Subsidiary	Target	Achievement
MEGAM	To reduce water withdrawal intensity by 3%	**Achieved** – MEGAM recorded a 15% reduction in water intensity in FY2021
SGL	To reduce water withdrawal by 3%	**Achieved** – SGL withdrew 5% less water in FY2021 than in FY2020
WHD	To reduce water withdrawal by 1%	**Achieved** – WHD recorded an 11% reduction in water withdrawal in FY2021

To prevent unnecessary water usage, regular inspections are conducted to ensure there are no leakages. In addition to inspections, we have replaced existing faucets with alternative water-efficient ones. We also conduct awareness programmes to promote water-saving practices among employees.

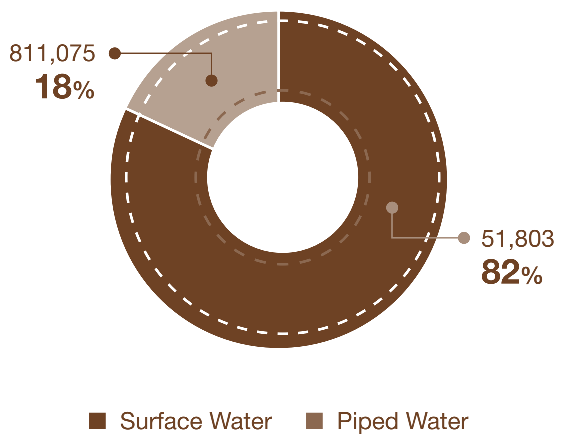
At WHD, we have also installed rainwater harvesting facilities to minimise our reliance on piped water. During FY2021, we harvested a total of 984 m³ of rainwater.

In FY2021, a total of 62,878 m³ water was withdrawn of which 82% derived from piped water sources and 18% from surface water sources. When compared to FY2020, this represents a 10% decrease. The decline in water withdrawal is a result of water-saving initiatives implemented across the subsidiaries.

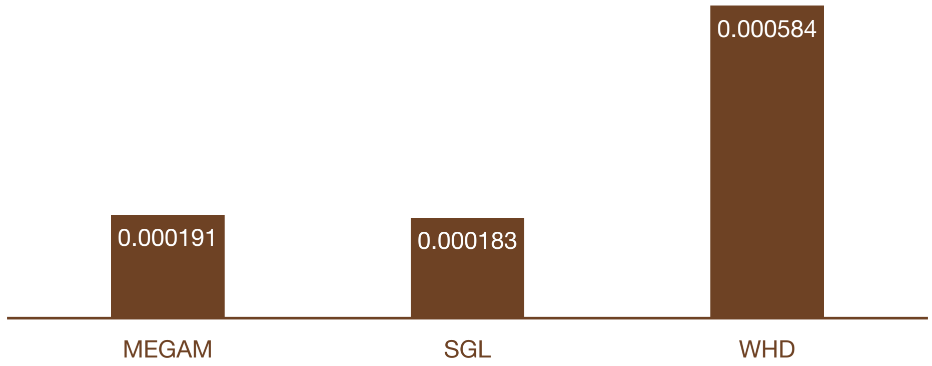
Water Withdrawn in FY2021 (m³)



Water withdrawal sources (m³)



Water Withdrawal Intensity in FY2021 (m^3/ RM revenue)



CLIMATE CHANGE

We seek to minimise our environmental footprint by limiting greenhouse gas ("**GHG**") emissions and operating in an energy efficient manner.

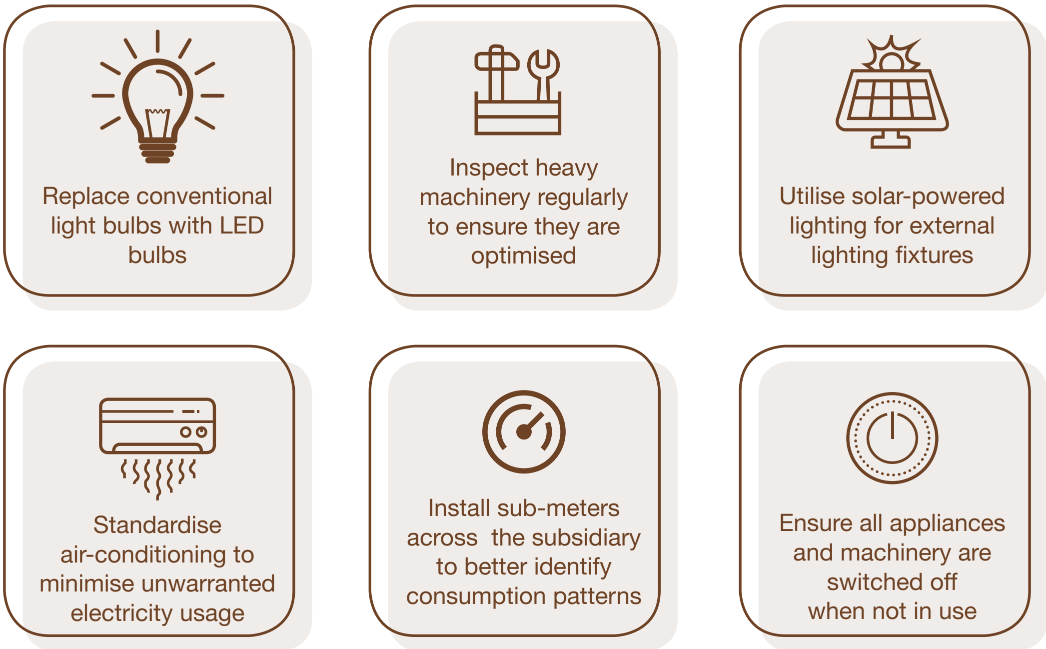
Energy Consumption

Where possible, we seek to minimise our reliance on non-renewable energy. In FY2021, PCCS' Malaysian facility continues to generate renewable energy using photovoltaic solar panels installed in FY2020 – a total of 388 kJ of solar energy was generated this reporting period.

Solar energy generated by MEGAM (MJ)

SUSTAINABILITY STATEMENT
(CONT'D)

**Energy-Saving Initiatives
(Across Subsidiaries)**

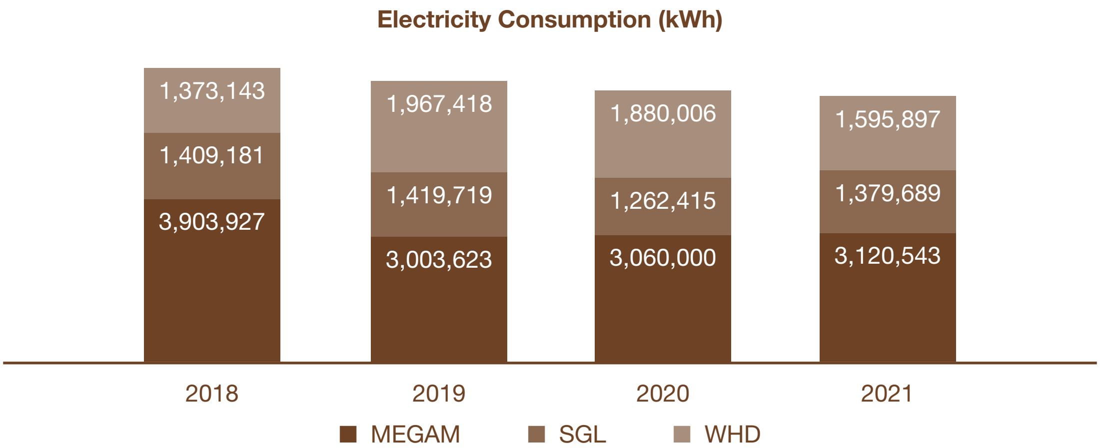


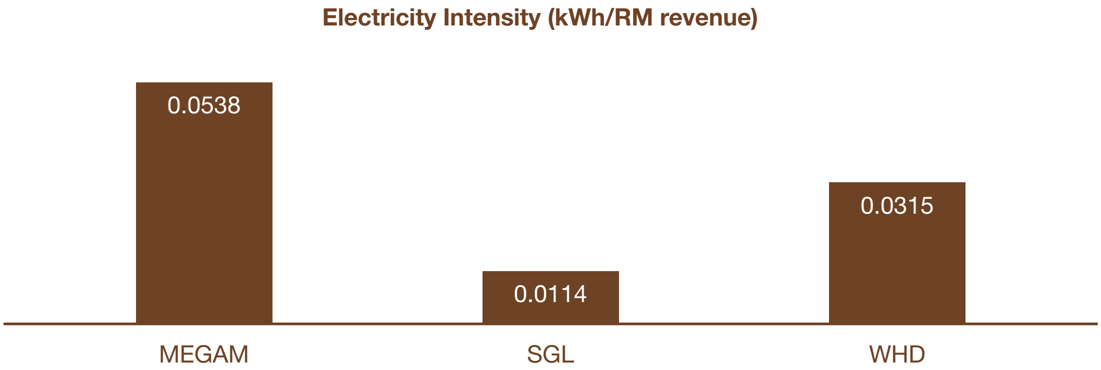
In FY2020, MEGAM and SGL established energy consumption targets which were reviewed and retained during FY2021

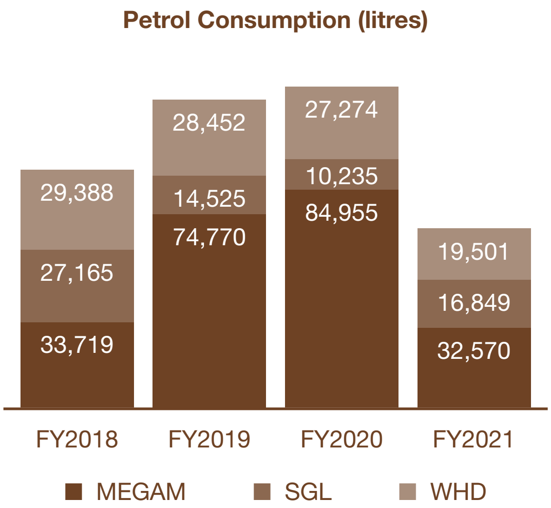
Subsidiary	Target	Achievement
MEGAM	To reduce electricity intensity by 2%	**Did not achieve** – MEGAM recorded a 2% increase in electricity intensity
SGL	To reduce overall electricity consumption by 2%	**Did not achieve** – recorded a 9% increase in electricity consumption

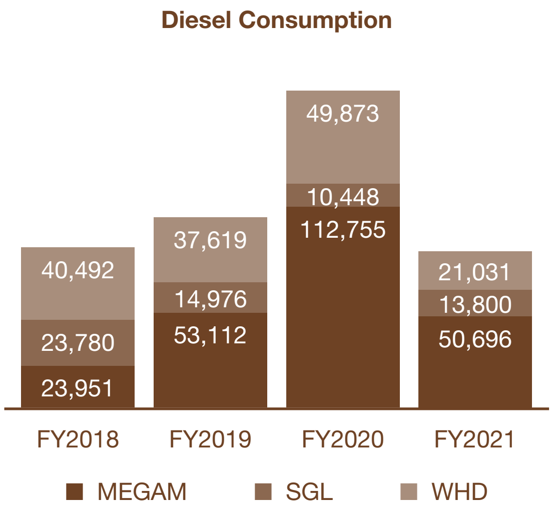
WHD has also adopted an Energy Policy which details the subsidiary's commitment to efficiently consume energy and implementing conservation measures where possible. WHD is also a participant of the SWITCH Garment Project, organised by the Global Green Growth Institute, in partnership with the Garment Manufacturers Association in Cambodia and Geres. The project aims to promote sustainable energy practices within the country's garment industry. As a participant, WHD is committed to undergoing third-party energy audits, receiving technical assistance and training on sustainable energy practices, and developing and implementing a Sustainable Energy Action Plan.

The primary energy source utilised by the Group to power machinery is electricity. Petrol and diesel are consumed by the Group for logistical purposes. This year, 6,096,129 kWh of electricity was consumed by the subsidiaries, presenting a 2% decrease from FY2020 consumption. 68,920 litres of petrol was consumed this year, a 44% decrease when compared to the previous reporting period. Similarly, a total of 85,527 litres of diesel fuel was consumed, representing a 51% decrease compared to FY2020. The significant reduction in energy consumption is attributable to energy-saving initiatives implemented across the subsidiaries and the temporary cessation of logistical activities during periods of government-imposed COVID-19 lockdowns.


Electricity Consumption (kWh)
1,373,143
1,409,181
3,903,927
1,967,418
1,419,719
3,003,623
1,880,006
1,262,415
3,060,000
1,595,897
1,379,689
3,120,543
2018
2019
2020
2021
MEGAM
SGL
WHD


Electricity Intensity (kWh/RM revenue)
0.0538
0.0114
0.0315
MEGAM
SGL
WHD


Petrol Consumption (litres)
29,388
27,165
33,719
28,452
14,525
74,770
27,274
10,235
84,955
19,501
16,849
32,570
FY2018
FY2019
FY2020
FY2021
MEGAM
SGL
WHD


Diesel Consumption
40,492
23,780
23,951
37,619
14,976
53,112
49,873
10,448
112,755
21,031
13,800
50,696
FY2018
FY2019
FY2020
FY2021
MEGAM
SGL
WHD

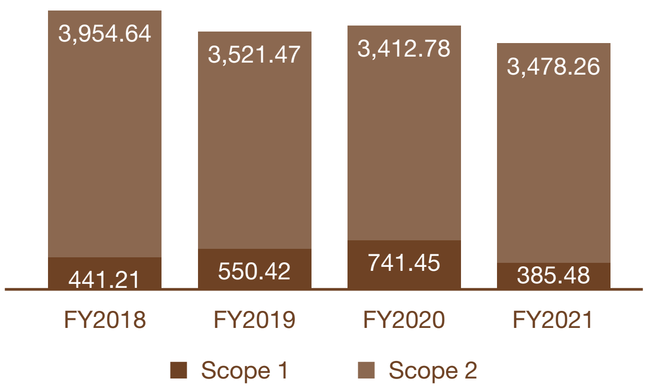
SUSTAINABILITY STATEMENT
(CONT'D)

GHG Emissions

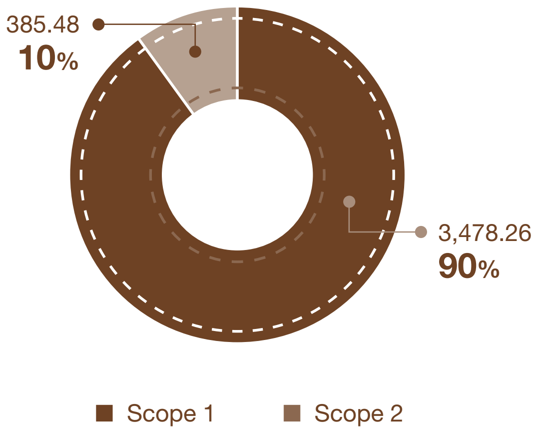
During the financial year under review, PCCS generated a total of 3,863.74 tonnes of CO_2 (tCO_2), a 7% decrease from FY2020.

90% (3,478.26 tCO_2) of the Group's overall GHG emissions is scope two (2) emissions (energy indirect), generated from electricity consumption. Scope 1 emissions (energy direct) generated from fuel combustion account for 10% (385.48 tCO_2) of total GHG emissions.

GHG emissions from FY2018 to FY2021 (tCO_2)

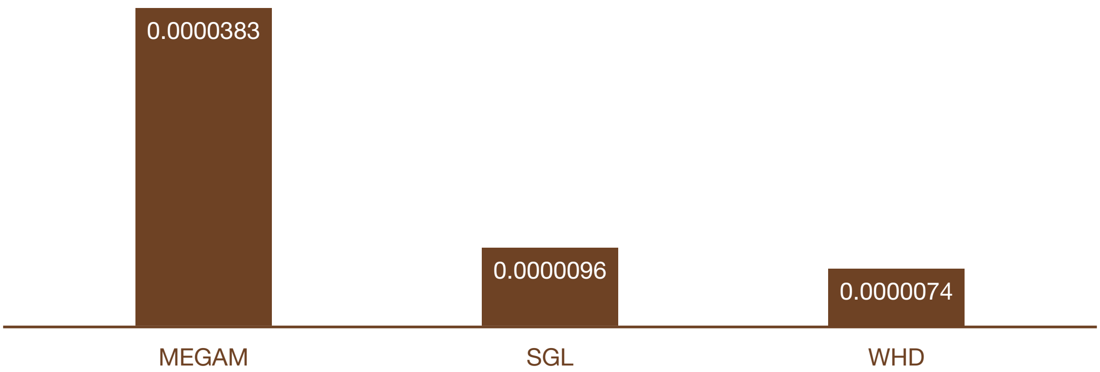


FY2021 GHG Emissions by Scope (tCO_2)



Disclaimer: Emission values disclosed in this report have been restated as a result of varying calculation methodology.

GHG Emissions Intensity (tCO_2/RM revenue)



Scope	Emission Factor Source
1.	Greenhouse Gas Protocol (2017). Emission Factors from Cross-Sector Tools.
2.	Institute for Global Environmental Strategies (2021). List of Grid Emission Factors version 10.10.

Conclusion

PCCS is extremely grateful for the determination and zeal demonstrated by our employees in managing key social, economic, governance and environmental impacts during FY2021. We are pleased with the progress the Group has made towards embedding sustainability across our operations during FY2021.

Looking forward, we aim to improve our approach to managing our sustainability impacts, strengthening our commitment to becoming a truly sustainable organisation, and further enhancing our contribution to the global agenda for sustainable development

GRI Content Index

	GRI Standards	Page
GENERAL DISCLOSURES		
102-1	Name of the organisation	58
102-2	Activities, brands, products, and services	58
102-3	Location of headquarters	58
102-4	Location of operations	58
102-7	Scale of organisation	58,77
102-9	Supply chain	16
102-11	Precautionary Principle or approach	Throughout statement
102-16	Values, principles, standards, and norms of behaviour	59, 80
102-17	Mechanisms for advice and concerns about ethics	80, 81
102-18	Governance structure	62
102-20	Executive-level responsibility for economic, environmental and social topics	62
102-32	Highest governance body's role in sustainability reporting	62
102-40	List of stakeholder groups	63
102-42	Identifying and selecting stakeholders	63
102-43	Approach to stakeholder engagement	63
102-44	Key topics and concerns raised	63
102-46	Defining report content and topic Boundaries	58
102-47	List of material topics	64 - 68
102-48	Restatements of information	90
102-50	Reporting period	58
102-52	Reporting cycle	58
102-53	Contact point for questions regarding the report	58
102-55	GRI content index	91 -92
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	Throughout statement
103-2	The management approach and its components	Throughout statement
103-3	Evaluation of the management approach	Throughout statement
ECONOMIC		
204-1	Proportion of spending on local suppliers	70
205-2	Communication and training about anti-corruption policies and procedure	80

SUSTAINABILITY STATEMENT
(CONT'D)

	GRI Standards	Page
ENVIRONMENTAL		
301-1	Materials used by weight or volume	83 - 84
302-1	Energy consumption within the organisation	87 - 89
302-3	Energy intensity	89
302-4	Reduction of energy consumption	87 - 89
303-1	Interactions with water as a shared resource	86 - 87
303-3	Water withdrawal	86
305-1	Direct (Scope 1) GHG emissions	90
305-2	Energy indirect (Scope 2) GHG emissions	90
305-4	GHG emissions intensity	90
305-5	Reduction of GHG emissions	90
306-2	Management of significant waste-related impacts	84 - 85
306-3	Waste generated	85
306-4	Waste diverted from disposal	85
307-1	Non-compliance with environmental laws and regulations	82, 85
SOCIAL		
401-1	New employee hires and employee turnover	79
401-2	Benefits provided to full-time employees that are not provided to temporary or -part-time employees	77
403-2	Hazard identification, risk assessment, and incident investigation	72
403-4	Worker participation, consultation, and communication on occupational health and safety	71 -73 , 75
403-5	Worker training on occupational health and safety	72 - 73
403-9	Work-related injuries	73
404-1	Average hours of training per year per employee	78
404-2	Programs for upgrading employee skills and transition assistance programs	78
404-3	Percentage of employees receiving regular performance appraisals and career development reviews	78
405-1	Diversity of governance bodies and employees	77
406-1	Incidents of discrimination and corrective actions taken	75
413-1	Operations with local community engagement, impact assessments, and development programs	80
417-1	Requirements for product and service information and labelling	69
417-2	Incidents of non-compliance concerning product and service information and labelling	69
418-1	Substantiated complaints concerning breaches of customer data privacy and losses of customer data	79

FINANCIAL STATEMENTS

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 2021.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	1,148	586
Attributable to:		
Owners of the Company	3,176	586
Non-controlling interests	(2,028)	–
	1,148	586

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2021.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 1,653,000 new ordinary shares pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") as disclosed in Note 16 to the financial statements which amounted to RM879,000.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

The salient features and other details of the ESOS are disclosed in Note 17(d) to the financial statements.

WARRANTS

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

The Company issued 90,017,957 units of the Warrants to the shareholders of the Company on the basis of three (3) warrants for every five (5) right shares subscribed for. The Warrants are listed on the Main Market of Bursa Malaysia Securities Berhad. The main features of the Warrants are disclosed in Note 17(a).

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

DIRECTORS

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

Chan Choo Sing *	
Chan Chow Tek *	
Dato' Chan Chor Ngiak *	
Chan Chor Ang *	
Julian Lim Wee Liang	
Piong Yew Peng	
Chan Wee Kiang *	(Appointed on 2 November 2020)
Chan Wee Boon *	(Appointed on 2 November 2020)
Joyce Wong Ai May	(Appointed on 2 November 2020)

* Directors of the Company and certain subsidiaries

DIRECTORS (CONT'D)

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

Abdul Muttalib Bin Jasmani	
Tan Kwee Kee	
Pan Jing	
Lim Hock Beng	
Chen Tian Sheng	
Tang Lai Huat	
Shi Xiao Qun	
Wang Wen Jun	
Hooi Toong Wan	(Appointed on 26 June 2020)
Ng Hee Choon	(Appointed on 14 October 2020)
Kam Lian Hooi	(Appointed on 14 October 2020)

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, warrant and share option granted under ESOS in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1 April 2020	Bought	Sold/ Transferred	At 31 March 2021
Direct interests:				
Chan Choo Sing	8,256,102	–	–	8,256,102
Chan Chow Tek	7,956,142	600,000	(3,100,000)	5,456,142
Dato' Chan Chor Ngiak	4,847,960	–	–	4,847,960
Chan Chor Ang	4,757,969	50,000	(400,000)	4,407,969
Chan Wee Kiang	2,111,964	–	–	2,111,964
Indirect interests:				
Chan Choo Sing*^	91,582,092	–	–	91,582,092
Dato' Chan Chor Ngiak#	4,665	–	–	4,665
Chan Chor Ang#	100,000	–	–	100,000
Chan Wee Kiang*	88,048,028	–	–	88,048,028

* Shares held through Company in which the directors have substantial financial interest
\# Shares held through spouse
^ Shares held through spouse and son

DIRECTORS' INTERESTS (CONT'D)

	Number of Warrant 2018/2022			
	At 1 April 2020	Bought	Sold	At 31 March 2021
Direct interest:				
Dato' Chan Chor Ngiak	30,400	–	–	30,400
Indirect interests:				
Chan Choo Sing	16,707,902	–	(12,000,000)	4,707,902
Chan Wee Kiang	16,707,902	–	(12,000,000)	4,707,902
Dato' Chan Chor Ngiak	1,999	–	–	1,999

	Number of ESOS			
	At 1 April 2020	Granted	Exercised	At 31 March 2021
Direct interests:				
Chan Choo Sing	120,000	–	–	120,000
Chan Chor Ang	50,000	–	(50,000)	–
Julian Lim Wee Liang	50,000	–	–	50,000
Piong Yew Peng	50,000	–	–	50,000
Chan Wee Kiang	100,000	–	–	100,000
Chan Wee Boon	100,000	–	–	100,000

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 disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, 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 RM2,000,000 and RM6,000 respectively.

SUBSIDIARIES

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

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

Details of significant events subsequent to the end of the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

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

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

....
CHAN CHOO SING
Director

....
CHAN CHOW TEK
Director

Date: 13 August 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	123,985	119,328	251	330
Investment properties	6	9,800	9,763	–	–
Investment in subsidiaries	8	–	–	62,988	57,172
Other receivables	10	170	–	–	–
Deferred tax assets	19	561	258	–	–
Total non-current assets		134,516	129,349	63,239	57,502
Current assets					
Inventories	9	68,198	65,778	–	–
Trade and other receivables	10	61,194	52,540	17,097	22,380
Contract assets	11	1,848	3,229	–	–
Other current assets	12	6,235	10,445	40	455
Tax assets	13	1,077	217	39	4
Short-term fund	14	12,945	–	6,588	–
Deposits, cash and bank balances	15	37,696	65,031	5,283	10,909
Total curent assets		189,193	197,240	29,047	33,748
TOTAL ASSETS		323,709	326,589	92,286	91,250

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	84,709	83,830	84,709	83,830
Warrants reserve	17	6,383	6,383	6,383	6,383
Foreign exchange reserve	17	8,743	6,201	–	–
Legal reserve fund	17	3,006	3,006	–	–
Share option reserve	17	846	1,113	846	1,113
Retained earnings/ (Accumulated losses)		56,479	52,976	(5,415)	(6,001)
		160,166	153,509	86,523	85,325
Non-controlling interests		6,268	7,274	–	–
TOTAL EQUITY		166,434	160,783	86,523	85,325
Non-current liabilities					
Loans and borrowings	18	26,993	25,194	6	60
Deferred tax liabilities	19	–	26	–	–
Total non-current liabilities		26,993	25,220	6	60
Current liabilities					
Loans and borrowings	18	44,330	40,332	54	71
Trade and other payables	20	85,952	100,254	5,703	5,794
Total current liabilities		130,282	140,586	5,757	5,865
TOTAL LIABILITIES		157,275	165,806	5,763	5,925
TOTAL EQUITY AND LIABILITIES		323,709	326,589	92,286	91,250

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	21	381,663	425,032	3,919	11,522
Cost of sales	22	(306,865)	(340,506)	–	–
Gross profit		74,798	84,526	3,919	11,522
Other income	23	2,097	6,444	108	1,101
Administrative expenses		(60,379)	(58,345)	(2,391)	(2,554)
Net impairment losses on financial assets		(394)	(1,172)	(1,030)	(7,668)
Selling and marketing expenses		(9,215)	(11,562)	–	–
Other expenses		–	(41)	–	–
		(69,988)	(71,120)	(3,421)	(10,222)
Profit from operations		6,907	19,850	606	2,401
Finance costs	24	(3,582)	(4,265)	(5)	(8)
Profit before tax	25	3,325	15,585	601	2,393
Tax expense	27	(2,177)	(2,343)	(15)	(42)
Profit for the financial year		1,148	13,242	586	2,351
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		2,640	(1,040)	–	–
Reclassification adjustment for the cumulative exchange gain on translation of financial statements of foreign operations transferred to profit or loss upon winding up of a subsidiary		–	(97)	–	–
Total comprehensive income for the financial year		3,788	12,105	586	2,351

STATEMENTS OF COMPREHENSIVE INCOME
(CONT'D)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit/(Loss) attributable to:					
Owners of the Company		3,176	15,116	586	2,351
Non-controlling interests		(2,028)	(1,874)	–	–
		1,148	13,242	586	2,351
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		5,718	13,964	586	2,351
Non-controlling interests		(1,930)	(1,859)	–	–
		3,788	12,105	586	2,351
Earnings per share (sen)					
- Basic	28	1.50	7.19		
- Diluted	28	1.50	7.19		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Attributable to owners of the Company								
		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
Group										
At 1 April 2020		83,830	1,113	6,383	6,201	3,006	52,976	153,509	7,274	160,783
Total comprehensive income for the financial year										
Profit for the financial year		–	–	–	–	–	3,176	3,176	(2,028)	1,148
Other comprehensive income for the financial year		–	–	–	2,542	–	–	2,542	98	2,640
Total comprehensive income		–	–	–	2,542	–	3,176	5,718	(1,930)	3,788
Transactions with owners										
Changes in ownership interest in a subsidiary		–	–	–	–	–	327	327	(1,551)	(1,224)
Subscription of shares by non-controlling interests in a subsidiary		–	–	–	–	–	–	–	2,475	2,475
Issue of ordinary shares pursuant to ESOS	16	879	(267)	–	–	–	–	612	–	612
Total transactions with owners		879	(267)	–	–	–	327	939	924	1,863
At 31 March 2021		84,709	846	6,383	8,743	3,006	56,479	160,166	6,268	166,434

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	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
		← Attributable to owners of the Company →								
Group										
At 1 April 2019		83,638	–	6,383	7,353	1,973	40,993	140,340	1,806	142,146
Total comprehensive income for the financial year										
Profit for the financial year		–	–	–	–	–	15,116	15,116	(1,874)	13,242
Other comprehensive loss for the financial year		–	–	–	(1,055)	–	–	(1,055)	15	(1,040)
Reclassified to profit or loss upon winding up a subsidiary		–	–	–	(97)	–	–	(97)	–	(97)
Total comprehensive income		–	–	–	(1,152)	–	15,116	13,964	(1,859)	12,105
Transactions with owners										
Non-controlling interests arising from acquisition of new subsidiary		–	–	–	–	–	–	–	853	853
Subscription of shares by non-controlling interests in a subsidiary		–	–	–	–	–	–	–	6,474	6,474
Issue of ordinary shares pursuant to ESOS	16	192	(58)	–	–	–	–	134	–	134
Share option issued	17(d)	–	1,171	–	–	–	–	1,171	–	1,171
Transfer to legal reserve fund		–	–	–	–	1,033	(1,033)	–	–	–
Dividends paid on shares	29	–	–	–	–	–	(2,100)	(2,100)	–	(2,100)
Total transactions with owners		192	1,113	–	–	1,033	(3,133)	(795)	7,327	6,532
At 31 March 2020		83,830	1,113	6,383	6,201	3,006	52,976	153,509	7,274	160,783

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	Share capital RM'000	Share option reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		Attributable to owners of the Company				
Company						
At 1 April 2019		83,638	–	6,383	(6,252)	83,769
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		–	–	–	2,351	2,351
Transactions with owners						
Issue of ordinary shares pursuant to ESOS	16	192	(58)	–	–	134
Share option issued	17(d)	-	1,171	–	–	1,171
Dividends paid on shares	29	–	–	–	(2,100)	(2,100)
Total transactions with owners		192	1,113	–	(2,100)	(795)
At 31 March 2020		83,830	1,113	6,383	(6,001)	85,325
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		–	–	–	586	586
Transactions with owners						
Issue of ordinary shares pursuant to ESOS, representing total transactions with owners	16	879	(267)	–	–	612
At 31 March 2021		84,709	846	6,383	(5,415)	86,523

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax		3,325	15,585	601	2,393
Adjustments for:					
Bad debts written off		324	1,175	–	–
Depreciation on property, plant, and equipment		12,820	13,004	85	79
Depreciation on investment properties		253	273	–	–
Dividend income from short-term fund		(43)	–	(22)	–
Fair value gain on short-term fund		(14)	–	–	–
Impairment loss on goodwill		–	1,250	–	–
Interest expense		3,582	4,265	5	8
Interest income		(298)	(728)	(80)	(207)
Loss on voluntary winding up of a subsidiary		–	41	–	–
Loss/(Gain) on disposal of property, plant and equipment		128	275	(6)	(30)
Net impairment loss/(reversal of impairment loss) on:					
- investment in subsidiaries		–	–	996	10,662
- property, plant and equipment		406	–	–	–
- trade and other receivables		394	1,172	–	–
- amount owing by subsidiaries		–	–	34	(2,994)
(Reversal of inventories written down)/ Inventories written down, net		(564)	571	–	–
inventories written off		259	–	–	–
Property, plant and equipment written off		46	–	–	–
Share-based payments		–	1,171	–	121
Unrealised loss/(gain) on foreign exchange		3,088	(4,109)	513	(371)
		20,381	18,360	1,525	7,268
Operating cash flows before changes in working capital		23,706	33,945	2,126	9,661
Changes in working capital:					
Contract assets		1,381	(3,229)	–	–
Inventories		(2,116)	(14,169)	–	–
Other current assets		4,210	(5,778)	–	–
Trade and other receivables		(12,044)	42,255	415	(408)
Trade and other payables		(11,296)	(14,585)	259	86
		(19,865)	4,494	674	(322)
Net cash generated from operations		3,841	38,439	2,800	9,339
Interest paid		(3,582)	(4,265)	(5)	(8)
Tax paid		(3,364)	(5,356)	(49)	(116)
Net cash (used in)/ from operating activities		(3,105)	28,818	2,746	9,215

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from investing activities					
Acquisition of additional interest in a subsidiary		(1,224)	–	–	–
Acquisition of a subsidiary, net of cash acquired		–	(1,244)	–	–
Dividend income from short-term fund		43	–	22	–
Interest received		298	728	80	207
Additional investment in subsidiaries		–	–	(15,539)	–
Purchase of property, plant and equipment	5(a)	(14,374)	(27,790)	(32)	(91)
Net change in short-term fund	(c)	(12,931)	–	(6,588)	–
Proceeds from disposal of property, plant and equipment		372	471	32	30
Repayments from/(Advances to) subsidiaries		–	–	13,462	(4,695)
Net cash used in investing activities		(27,816)	(27,835)	(8,563)	(4,549)
Cash flows from financing activities	(a)				
Dividends paid to owners of the Company		–	(2,100)	–	(2,100)
Net drawdown of term loans		802	16,414	–	–
Proceeds from ordinary shares issued pursuant to ESOS		612	134	612	134
Repayments of lease liabilities		(3,082)	(3,593)	(71)	(63)
Repayment to a subsidiary		–	–	(350)	–
Repayments to directors		(896)	(754)	–	–
Net drawndown/(Repayments of) short-term borrowings		4,185	(5,482)	–	–
Subscription of shares in subsidiaries by non-controlling interests		2,475	6,474	–	–
Net cash from/(used in) financing activities		4,096	11,093	191	(2,029)
Net (decrease)/increase in cash and cash equivalents		(26,825)	12,076	(5,626)	2,637
Cash and cash equivalents at the beginning of the financial year		65,031	54,885	10,909	8,272
Effects of foreign exchange rate changes		(510)	(1,930)	–	–
Cash and cash equivalents at the end of the financial year	15	37,696	65,031	5,283	10,909

(a) Changes in liabilities arising from financing activities:

	Note	1.4.2020 RM'000	Cash flows RM'000	Acquisition RM'000	31.3.2021 RM'000
Group					
Amounts owing to directors	20	1,254	(896)	–	358
Lease liabilities	18	7,669	(3,082)	3,892	8,479
Term loans	18	24,554	802	–	25,356
Short-term borrowings	18	33,303	4,185	–	37,488
		66,780	1,009	3,892	71,681
Company					
Amounts owing to subsidiaries	20	826	(350)	–	476
Lease liabilities	18	131	(71)	–	60
		957	(421)	–	536

	Note	1.4.2019 RM'000	Cash flows RM'000	Acquisition RM'000	31.3.2020 RM'000
Group					
Amounts owing to directors	20	2,008	(754)	–	1,254
Lease liabilities	18	9,491	(3,593)	1,771	7,669
Term loans	18	8,140	16,414	–	24,554
Short-term borrowings	18	38,785	(5,482)	–	33,303
		58,424	6,585	1,771	66,780
Company					
Amounts owing to subsidiaries	20	826	–	–	826
Lease liabilities	18	94	(63)	100	131
		920	(63)	100	957

(b) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM3,539,000 (2020:RM4,077,000) and RM71,000 (2020: RM70,000) respectively.

(c) The short-term fund is an integral part of the Group's and the Company's capital management as disclosed in Note 35.

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 13 August 2021.

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:

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

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

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 Company has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 April 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ The Annual Improvements to MFRS Standards 2018-2020

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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 (Cont'd)

(b) The Company plans 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.

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.

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.

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

3.1 Basis of consolidation (Cont'd)

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.1 Basis of consolidation (Cont'd)

(b) Non-controlling interests

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

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

(c) Transactions eliminated on consolidation

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

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

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 3.12(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.

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

3.3 Foreign currency transactions and operations (Cont'd)

(a) Translation of foreign currency transactions (Cont'd)

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

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

(b) Translation of foreign operations

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

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

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

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*.

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

3.4 Financial instruments (Cont'd)

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

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

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(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.

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (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 liablities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

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

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

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

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

(d) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.4 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

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.

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 3.12(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.

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

3.5 Property, plant and equipment (Cont'd)

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

(d) Derecognition

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

3.6 Investment properties

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

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

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

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

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

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 18.

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 3.12(b).

Lease liability

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

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

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

3.7 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

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.

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

3.8 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate 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 3.12(b).

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 3.12(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.

3.11 Cash and cash equivalents

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

3.12 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.

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

3.12 Impairment of assets (Cont'd)

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

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.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.12 Impairment of assets (Cont'd)

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Share capital

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

3.14 Provisions

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

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

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

3.15 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.

3.16 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 17(d).

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

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

3.17 Revenue and other income

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

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

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

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

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

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

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

(a) Sale of goods – manufacturing

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

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

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

3.17 Revenue and other income (Cont'd)

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

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

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

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

(d) 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.

3.18 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.19 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

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.

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

3.19 Income tax (Cont'd)

(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.

3.20 Earnings per share

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

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

3.21 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.

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

3.23 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. The economic uncertainties resulting from COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 9.

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

(b) Impairment of financial assets and contract assets

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

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

The information about the impairment losses on the Group's and the Company's financial assets are disclosed in Note 3.12(a).

5. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 April 2020	4,584	59,972	90,080	35,379	5,225	22,913	2,320	220,473
Additions	–	–	9,684	978	83	4,174	3,347	18,266
Disposals	–	–	(387)	(189)	(368)	(444)	–	(1,388)
Written off	–	–	49	(137)	(139)	–	(2,478)	(2,705)
Reclassification	–	2,601	(102)	(36)	182	(618)	(2,027)	–
Exchange differences	–	392	(469)	372	3	25	162	485
At 31 March 2021	4,584	62,965	98,855	36,367	4,986	26,050	1,324	235,131
Accumulated depreciation								
At 1 April 2020	–	9,474	57,213	26,682	3,112	4,248	–	100,729
Depreciation charge for the financial year (Note 25)	–	2,267	5,719	1,669	497	2,668	–	12,820
Disposals	–	–	(210)	(146)	(198)	(334)	–	(888)
Written off	–	–	(2,396)	(124)	(139)	-	–	(2,659)
Reclassification	–	–	169	-	101	(270)	–	-
Exchange differences	–	247	(298)	446	(18)	(55)	–	322
At 31 March 2021	–	11,988	60,197	28,527	3,355	6,257	–	110,324
Accumulated impairment loss								
At 1 April 2020	–	–	416	-	-	-	-	416
Impairment loss during the financial year (Note 25)	-	–	324	82	-	-	-	406
At 31 March 2021	-	-	740	82	-	-	-	822
Net carrying amount								
At 31 March 2021	4,584	50,977	37,918	7,758	1,631	19,793	1,324	123,985

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

Group 2020	Freehold land RM'000	Buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture and fittings and office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 April 2019	4,584	30,359	77,828	31,478	5,041	13,942	–	163,232
Acquisition of a subsidiary (Note 8)	–	16,820	4,552	123	271	7,048	–	28,814
Additions	–	12,562	9,125	3,101	659	1,794	2,320	29,561
Disposals	–	–	(2,091)	(185)	(811)	–	–	(3,087)
Exchange differences	–	231	666	862	65	129	–	1,953
At 31 March 2020	4,584	59,972	90,080	35,379	5,225	22,913	2,320	220,473
Accumulated depreciation								
At 1 April 2019	–	3,865	50,162	23,865	3,006	1,418	–	82,316
Acquisition of a subsidiary (Note 8)	–	3,142	2,173	1,092	99	–	–	6,506
Depreciation charge for the financial year (Note 25)	–	2,341	6,928	432	550	2,753	–	13,004
Disposals	–	–	(1,530)	(228)	(583)	–	–	(2,341)
Exchange differences	–	126	(520)	1,521	40	77	–	1,244
At 31 March 2020	–	9,474	57,213	26,682	3,112	4,248	–	100,729
Accumulated impairment loss								
At 1 April 2019/31 March 2020	–	–	416	–	–	–	–	416
Net carrying amount								
At 31 March 2020	4,584	50,498	32,451	8,697	2,113	18,665	2,320	119,328

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

Company 2021	Air-conditioners RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
Cost						
At 1 April 2020	37	29	114	55	262	497
Additions	–	–	32	–	–	32
Disposals	–	(29)	–	–*	–	(29)
Written off	–	–	(8)	–	–	(8)
At 31 March 2021	37	–	138	55	262	492
Accumulated depreciation						
At 1 April 2020	26	2	50	24	65	167
Depreciation charge for the financial year (Note 25)	4	1	19	9	52	85
Disposals	-	(3)	-	–	–	(3)
Written off	–	–	(8)	–	–	(8)
At 31 March 2021	30	–	61	33	117	241
Net carrying amount						
At 31 March 2021	7	–	77	22	145	251

Company 2020	Air-conditioners RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
Cost						
At 1 April 2019	37	–	76	55	138	306
Additions	–	29	38	–	124	191
Disposal	–	–	–	–*	-	-*
At 31 March 2020	37	29	114	55	262	497
Accumulated depreciation						
At 1 April 2019	22	–	36	14	16	88
Depreciation charge for the financial year (Note 25)	4	2	14	10	49	79
At 31 March 2020	26	2	50	24	65	167
Net carrying amount						
At 31 March 2020	11	27	64	31	197	330

* represents the cost of RM1.

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 RM18,266,000 (2020: RM29,561,000) and RM32,000 (2020: RM191,000) respectively which are satisfied by the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Lease arrangements	3,892	1,771	–	100
Cash payments	14,374	27,790	32	91
	18,266	29,561	32	191

(b) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 18 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Freehold land and buildings	20,972	21,205
Plant and machinery	12,071	7,885
	33,043	29,090

Certain plant and machinery of the Group with net carrying amounts of RM546,000 (2020: RM699,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 18.

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

	Land use rights RM'000	Plant and machinery RM'000	Premises RM'000	Motor vehicles RM'000	Total RM'000
Group					
Carrying amount					
1 April 2019	2,311	4,760	4,855	598	12,524
Acquisition of a subsidiary	7,048	–	–	–	7,048
Additions	–	1,670	–	124	1,794
Depreciation	(141)	(750)	(1,813)	(49)	(2,753)
Exchange differences	111	–	(59)	-	52
At 31 March 2020	9,329	5,680	2,983	673	18,665
Additions	–	2,003	1,945	226	4,174
Depreciation	(200)	(825)	(1,497)	(146)	(2,668)
Disposals	–	–	(110)	-	(110)
Reclassification	–	(267)	-	(81)	(348)
Exchange differences	226	-	(146)	-	80
At 31 March 2021	9,355	6,591	3,175	672	19,793

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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

	Motor vehicles
Company	**RM'000**
Carrying amount	
At 1 April 2019	122
Additions	124
Depreciation	(49)
At 31 March 2020	197
Depreciation	(52)
At 31 March 2021	145

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

6. INVESTMENT PROPERTIES

	Group	
	2021	**2020**
	RM'000	**RM'000**
At cost		
At beginning of the financial year	11,893	11,893
Exchange differences	353	–
At end of the financial year	12,246	11,893
Accumulated depreciation		
At beginning of the financial year	2,130	1,887
Depreciation charge during the financial year (Note 25)	253	273
Exchange differences	63	(30)
At end of the financial year	2,446	2,130
Carrying amount	9,800	9,763

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
Rental income	731	684
Direct operating expenses	(417)	(249)

6. INVESTMENT PROPERTIES (CONT'D)

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
2021				
Freehold buildings	-	-	1,760	1,760
Leasehold office lot	-	-	13,520	13,520
	-	-	13,520	15,280
2020				
Freehold buildings	-	-	1,760	1,760
Leasehold office lot	-	-	13,740	13,740
	-	-	13,740	15,500

The valuation of Level 3 of certain investment properties of the Group as at 31 March 2021 and 30 March 2020 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 2020 and 31 March 2021. There was no transfer between Level 2 and Level 3 during the financial years ended 31 March 2021 and 31 March 2020.

7. GOODWILL

	Group	
	2021 RM'000	2020 RM'000
At cost		
At beginning of the financial year	1,250	–
Acquisition of a subsidiary (Note 8)	–	1,250
At end of the financial year	1,250	1,250
Accumulated impairment loss		
At beginning of the financial year	1,250	–
Impairment loss (Note 25)	–	1,250
At end of the financial year	1,250	1,250
Carrying amount	–	–

The goodwill in relation to the acquisition of a subsidiary during the financial year ended 31 March 2020 is set out in Note 8.

In the previous financial year, an impairment loss of RM1,250,000 was recognised in profit or loss of the Group as other expenses as the carrying amount was higher than the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost		
At beginning of the financial year	88,492	88,492
Additions during the financial year	15,539	–
At end of the financial year	104,031	88,492
Loans that are part of net investments	–	8,487
Equity contribution in respect of ESOS	795	1,035
	795	9,522
Less: Accumulated impairment losses		
At beginning of the financial year	(40,842)	(30,180)
Impairment loss during the financial year (Note 25)	(996)	(10,662)
At end of the financial year	(41,838)	(40,842)
	62,988	57,172

During the financial year, an impairment loss of RM996,000 (2020: RM10,662,000) 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.

In the previous financial year, loans that are part of net investments represent amount owing by a subsidiary which was non-trade in nature, unsecured and non-interest bearing. The settlement of the amount was neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as a long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it was stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%) 2021	Effective equity interest (%) 2020
Subsidiaries of the Company				
La Prima Medtech Sdn. Bhd. (Formerly known as Perusahaan Chan Choo Sing 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

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 (%) 2021	2020
Subsidiaries of the Company (Cont'd)				
Mega Label (Malaysia) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	100	100
Thirty Three Trading Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100
PCCS Garments Ltd.^	Cambodia	Temporarily ceased operations	100	100
JIT Textiles Ltd.**	Cambodia	Manufacturing of apparels and providing sub-contracting services	100	100
Beauty Apparels (Cambodia) Ltd.^	Cambodia	Temporarily ceased operations	100	100
Perfect Seamless Garments (Cambodia) Ltd.**	Cambodia	Manufacturing of seamless bond and silk screen products	100	51
PCCS Garments (Suzhou) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	100	100
PCCS (Hong Kong) Ltd.*	Hong Kong	Provision of agency and handling services and manufacturing and trading of garments	100	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	100	100
La Prima Medicare Pte. Ltd.*	Singapore	Wholesale of medical, professional, scientific and precision equipment.	100	–
Subsidiary of Mega Label (Malaysia) Sdn. Bhd.				
Mega Label (Penang) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	100	–
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Ltd.^	Cambodia	Temporarily ceased operations	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Country of incorporation	Principal activities	Effective equity interest (%) 2021	Effective equity interest (%) 2020
Subsidiary of Thirty Three Trading Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Ltd.**	Cambodia	Embroidering of logos, emblems and printing of silk screen products	100	100
Subsidiary of PCCS Garments (Suzhou) Ltd.				
PCCS Garments (Shandong) Ltd.*	The People's Republic of China	Manufacturing and sale of apparels	51	51
Subsidiary of PCCS (Hong Kong) Ltd.				
Ample Apparels Ltd.*	Hong Kong	Temporarily ceased operations	60	60
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd.*	The People's Republic of China	Trading of brand apparels and provide design service	100	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.* "	Cambodia	Printing and sale of labels and stickers and manufacturing of elastic bands and related products	100	100
Subsidiaries of Keza Sdn. Bhd.				
Keza (Cambodia) Ltd.^	Cambodia	Temporarily ceased operations	100	100
Wan He Da Manufacturing Company Ltd.**	Cambodia	Manufacturing of apparels	100	100

* Audited by auditors other than Baker Tilly Monteiro Heng PLT
** Audited by an independent member firm of Baker Tilly International
^ Consolidated using management account as no audited financial statements is available.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

(g) In the previous financial year, a wholly-owned subsidiary of the Company, namely PCCS Garments (Suzhou) Ltd., had acquired 2,550,000 ordinary shares in PCCS Garments (Shandong) Limited ("SDL"), representing 51% of the issued and paid up share capital of SDL for a total cash consideration of RM1,555,500.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(g) (Cont'd)

(i) Fair value of the identifiable assets acquired and liabilities recognised

	2020 RM'000
Assets	
Property, plant and equipment	22,308
Cash and bank balances	311
Other receivables	34
Total assets	22,653
Liabilities	
Other payables	(20,573)
Tax liability	(280)
Total liabilities	(20,853)
Total identifiable net assets acquired	1,800
Goodwill arising on acquisition (Note 7)	1,250
Non-controlling interests	(1,495)
Fair value of consideration transferred	1,555

(ii) Effects of the acquisition on cash flows:

	2020 RM'000
Fair value of consideration transferred	1,555
Less: Cash and cash equivalents of the subsidiary acquired	(311)
Net cash outflow on acquisition	1,244

(iii) Effects of acquisition in statements of comprehensive income:

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax are as follows:

	2020 RM'000
Revenue	5,031
Loss for the financial year	(3,695)

If the acquisition had occurred on 1 April 2019, the consolidated results for the financial year ended 31 March 2020 would have been as follows:

	2020 RM'000
Revenue	17,838
Loss for the financial year	(3,668)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(h) Voluntary winding up a subsidiary

In the previous financial year, a subsidiary of the Company, namely PCCS Garments (Suzhou) Limited, wound up a wholly owned subsidiary in China, namely PCCS Garments Wuhan Limited.

Effects of winding up of a subsidiary on the financial position of the Group

	2020 RM'000
Property, plant and equipment	2,095
Cash and bank balances	46
Liabilities	(1,669)
Net assets	472
Cost of investment	(610)
	(138)
Reclassification adjustment of exchange translation reserve	97
Loss on voluntary winding up of a subsidiary	(41)

(i) **Non-controlling interests in subsidiaries**

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Country of incorporation	Equity interest 2021 %	Equity interest 2020 %
PCCS Garments (Shandong) Ltd.	China	49	49
Perfect Seamless Garments (Cambodia) Ltd.	Cambodia	–	49
Ample Apparels Ltd.	Hong Kong	40	40
Mega Label (Penang) Sdn. Bhd.	Malaysia	49	–

Carrying amount of material non-controlling interests:

Name of company	2021 RM'000	2020 RM'000
PCCS Garments (Shandong) Ltd.	5,561	5,632
Perfect Seamless Garments (Cambodia) Ltd.	–	1,639
Ample Apparels Ltd.	–	3
Mega Label (Penang) Sdn. Bhd.	707	–
	6,268	7,274

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Non-controlling interests in subsidiaries (Cont'd)

Profit or Loss allocated to material non-controlling interests:

Name of company	2021 RM'000	2020 RM'000
PCCS Garments (Shandong) Ltd.	(1,752)	(1,811)
Perfect Seamless Garments (Cambodia) Ltd.	–	(52)
Ample Apparels Ltd.	(3)	(11)
Mega Label (Penang) Sdn. Bhd.	(273)	–
	(2,028)	(1,874)

(j) Summarised financial information of material non-controlling interests

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

	Mega Label (Penang) Sdn. Bhd. RM'000	Ample Apparels Ltd. RM'000	PCCS Garments (Shandong) Ltd. RM'000	Total RM'000
Summarised statements of financial position As at 31 March 2021				
Non-current assets	1,188	–	29,132	30,320
Current assets	688	556	3,938	5,182
Non-current liabilities	(101)	–	–	(101)
Current liabilities	(332)	(557)	(22,969)	(23,858)
Net assets	1,443	(1)	10,101	11,543
Summarised statements of comprehensive income Financial year ended 31 March 2021				
Revenue	4	–	18,022	18,026
Loss for the financial year, representing total comprehensive loss	(557)	(7)	(3,571)	(4,135)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(j) Summarised financial information of material non-controlling interests (Cont'd)

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

	Mega Label (Penang) Sdn. Bhd. RM'000	Ample Apparels Ltd. RM'000	PCCS Garments (Shandong) Ltd. RM'000	Total RM'000
Summarised cash flow information				
Financial year ended 31 March 2021				
Net cash flows used in operating activities	(340)	–	(2,394)	(2,734)
Net cash flows used in investing activities	(972)	–	(3,052)	(4,024)
Net cash flows from financing activities	960	–	2,341	3,301
Net decrease in cash and cash equivalents	(352)	–	(3,105)	(3,457)
Dividends paid to non-controlling interests	–	–	–	–

	Perfect Seamless Garments (Cambodia) Ltd. RM'000	Ample Apparels Ltd. RM'000	PCCS Garments (Shandong) Ltd. RM'000	Total RM'000
Summarised statements of financial position				
As at 31 March 2020				
Non-current assets	2,464	–	27,506	29,970
Current assets	2,607	975	6,485	10,067
Non-current liabilities	(386)	–	–	(386)
Current liabilities	(2,084)	(969)	(23,748)	(26,801)
Net assets	2,601	6	10,243	12,850
Summarised statements of comprehensive income				
Financial year ended 31 March 2020				
Revenue	5,258	–	5,031	10,289
Loss for the financial year, representing total comprehensive loss	(107)	(28)	(3,695)	(3,830)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(j) Summarised financial information of material non-controlling interests (Cont'd)

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

	Perfect Seamless Garments (Cambodia) Ltd. RM'000	Ample Apparels Ltd. RM'000	PCCS Garments (Shandong) Ltd. RM'000	Total RM'000
Summarised cash flow information				
Financial year ended 31 March 2020				
Net cash flows from/(used in) operating activities	1,140	–	(1,495)	(355)
Net cash flows used in investing activities	(928)	–	(6,419)	(7,347)
Net cash flows (used in)/ from financing activities	(287)	–	12,000	11,713
Net (decrease)/increase in cash and cash equivalents	(75)	–	4,086	4,011
Dividends paid to non-controlling interests	–	–	–	–

9. INVENTORIES

	Group 2021 RM'000	Group 2020 RM'000
At lower of cost and net realisable value		
Raw materials	44,701	46,684
Work-in-progress	8,595	4,542
Finished goods	14,902	14,552
	68,198	65,778

Recognised in profit or loss:

	Group 2021 RM'000	Group 2020 RM'000
Inventories recognised as cost of sales	246,677	294,793
Inventories written down	437	571
Inventories written off	259	–
Reversal of inventories written down	(1,001)	–

The inventories written down are in repesct of stock obsolescence.

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non current:					
Non-trade					
Deposit		170	–	–	–
Current:					
Trade					
External parties		58,145	50,334	–	–
Less: Impairment losses		(257)	(1,289)	–	–
	(a)	57,888	49,045	–	–
Non-trade					
Amounts owing by subsidiaries	(b)	–	–	36,305	41,553
Other receivables	(c)	3,122	3,301	2	3
Deposits		761	793	–	–
		3,883	4,094	36,307	41,556
Less: Impairment losses	(a)	(577)	(599)	(19,210)	(19,176)
		3,306	3,495	17,097	22,380
Total trade and other receivables		61,364	52,540	17,097	22,380

(a) Trade receivables

The receivables are non-interest bearing and normal credit terms offered by the Group ranging from 15 to 120 days (2020: 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 2021 RM'000	Group 2020 RM'000
At beginning of the financial year	1,289	27
Charge for financial year		
- Individually assessed	394	1,274
Reversal of impairment loss	–	(12)
Written off	(1,377)	–
Exchange difference	(49)	–
At end of the financial year	257	1,289

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are impaired (Cont'd)

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: (Cont'd)

Other receivables (Cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the financial year	599	625	19,176	22,170
Charge for financial year				
- Individually assessed	–	–	229	–
Reversal of impairment loss	–	(90)	(195)	(2,994)
Exchange difference	(22)	64	–	–
At end of the financial year	577	599	19,210	19,176

The information about the credit exposures are disclosed in Note 32(b)(iv).

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

(c) In the previous financial year, included in other receivables of the Group was an amount of RM1,049,000 owing from a company in which certain directors of the subsidiaries have substantial financial interests.

11. CONTRACT ASSETS

	2021 RM'000	2020 RM'000
Group		
Contract assets relating to Cut, make and trim ("CMT") contract	1,848	3,229

Significant changes in contract balances

	2021	2020
	Contract assets increased/(decreased)	
	RM'000	RM'000
Group		
Increase due to revenue recognised for unbilled goods	1,857	3,117
Transfers from contract assets recognised at the beginning of the period to receivables	(3,229)	–
Translation difference	(9)	112

12. OTHER CURRENT ASSETS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Prepayments	2,630	3,025	40	455
Value added tax recoverable	2,382	4,696	–	–
Less: Impairment losses	(397)	(3,705)	–	–
	1,985	991	–	–
Advances to suppliers	1,620	6,429	–	–
	6,235	10,445	40	455

13. TAX ASSETS

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

14. SHORT-TERM FUND

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at fair value through profit or loss ("FVPL")				
At fair value:				
Short-term cash investments				
- Money market fund	12,945	–	6,588	–

Short-term fund is a fund 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 35.

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	34,411	49,398	3,258	1,425
Deposits placed with licensed banks	3,285	15,633	2,025	9,484
Cash and cash equivalents as reported in the statements of cash flows	37,696	65,031	5,283	10,909

The deposits placed with licensed banks bear interests at rates ranging from 0.13% to 1.35% (2020: 0.30% to 2.95%) and mature within 3 months.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. SHARE CAPITAL

	Company			
	Number of ordinary shares		Amount	
	2021 Unit	2020 Unit	2021 RM'000	2020 RM'000
Issued and fully paid (no par value):				
At beginning of the financial year	210,403	210,042	83,830	83,638
Issued pursuant to ESOS	1,653	361	879	192
At end of the financial year	212,056	210,403	84,709	83,830

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 1,653,000 (2020: 361,000) new ordinary shares pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") at the exercise price as disclosed in Note 17 totalling RM879,000 (2020: RM192,000).

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

17. OTHER RESERVES

(a) Warrant reserve

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

Salient terms of the warrants are as follows:

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

(ii) The warrants may be exercised at any time within 5 years commencing on and including 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.

17. OTHER RESERVES (CONT'D)

(a) Warrant reserve (Cont'd)

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

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

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

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

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

	2018/2022 Number of warrants of RM0.60 each			
	1.4.2020 '000	**Issued '000**	**Exercise '000**	**31.3.2021 '000**
Number of unissued shares under warrants	90,018	–	–	90,018

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. OTHER RESERVES (CONT'D)

(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.

Movement of share options during the financial year
The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number		WAEP	
	2021	**2020**	**2021**	**2020**
At beginning of the financial year	7,367,400	–	–	–
Granted on 16 December 2019	–	7,728,400	RM0.37	RM0.37
Exercised during the year	(1,653,000)	(361,000)	RM0.37	RM0.37
At end of the financial year	5,714,400	7,367,400	RM0.37	RM0.37
Exercisable at end of the year	5,714,400	7,367,400	RM0.37	RM0.37

The options outstanding at 31 March 2021 and 31 March 2020 have exercise price of RM0.37 (2020: RM0.37) and the weighted average remaining contractual life for the share options outstanding as at 31 March 2021 was 0.79 years (2020: 1.79 years)

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

	2020
Fair value of share options and assumptions	
Weighted average fair value of share option at grant date (RM)	RM0.1613
Weighted average share price (RM)	0.42
Option life (years)	2
Risk-free rate (%)	3.02
Expected dividends (%)	None
Expected volatility (%)	59.79

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

18. LOANS AND BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured:				
Lease liabilities (Note 18(c))	3,390	3,939	6	60
Term loans	21,864	20,991	–	–
Unsecured:				
Lease liabilities (Note 18(c))	1,739	264	–	–
	26,993	25,194	6	60
Current				
Secured:				
Bill financing	5,725	1,394	–	–
Trust receipts	2,523	8,839	–	–
Lease liabilities (Note 18(c))	1,678	1,687	54	71
Term loans	3,492	3,563	–	–
Unsecured:				
Revolving credits	17,602	14,353	–	–
Bankers' acceptances	5,999	4,489	–	–
Lease liabilities (Note 18(c))	1,672	1,779	–	–
Trust receipts	5,639	4,228	–	–
	44,330	40,332	54	71
Total loans and borrowings				
Revolving credits	17,602	14,353	–	–
Bankers' acceptances	5,999	4,489	–	–
Bills financing	5,725	1,394	–	–
Trust receipts	8,162	13,067	–	–
Term loans	25,356	24,554	–	–
Lease liabilities (Note 18(c))	8,479	7,669	60	131
	71,323	65,526	60	131

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. LOANS AND BORROWINGS (CONT'D)

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

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

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	%	**%**	**%**	**%**
Revolving credits	4.35% - 4.79%	4.35% - 4.79%	–	–
Bankers' acceptances	1.99% - 2.79%	3.17% - 3.86%	–	–
Bills financing	2.70%	3.40% - 4.85%	–	–
Trust receipts	2.50% - 4.79%	3.15% - 4.60%	–	–
Term loans	4.70% - 6.00%	4.55% - 6.20%	–	–
Lease liabilities	2.32% - 8.00%	2.32% - 8.00%	2.45%	2.45%

(c) Lease liabilities

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum lease payments				
Not later than 1 year	3,781	3,904	56	76
Later than 1 year and not later than 5 years	5,662	4,475	6	61
	9,443	8,379	62	137
Less: Future finance charges	(964)	(710)	(2)	(6)
Present value of minimum lease payments	8,479	7,669	60	131
Present value of minimum lease payments				
Not later than 1 year	3,350	3,466	54	71
Later than 1 year and not later than 5 years	5,129	4,203	6	60
	8,479	7,669	60	131
Less: Amount due within 12 months	(3,350)	(3,466)	(54)	(71)
Amount due after 12 months	5,129	4,203	6	60

19. DEFERRED TAX ASSETS

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets/(liabilities)		
At beginning of the financial year	232	(20)
Recognised in profit or loss (Note 27)	327	253
Exchange differences	2	(1)
At end of the financial year	561	232

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

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets	3,495	258
Deferred tax liabilities	(2,934)	(26)
	561	232

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

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets		
Unutilised tax losses	122	23
Unabsorbed reinvestment allowances	1,697	916
Unabsorbed capital allowances	1,675	1,367
Others	257	114
	3,751	2,420
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and their tax base	(3,190)	(2,140)

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

19. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses	6,627	6,304	150	150
Unabsorbed capital allowances	762	738	–	–
Others	–	8	–	–
	7,389	7,050	150	150
Potential deferred tax assets not recognised	1,773	1,691	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 2021 RM'000
Malaysia	
2025	1,410
2026	3,231
2027	7
2028	604
	5,252

20. TRADE AND OTHER PAYABLES

		Group		Company	
Current:	**Note**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Trade					
Third parties	(a)	42,452	53,120	–	–
Non-trade					
Amounts owing to subsidiaries	(b)	–	–	476	826
Other payables		29,928	34,141	4,661	4,375
Amounts owing to directors	(c)	358	1,254	–	–
Accruals		13,056	11,633	566	593
Deposits		158	106	–	–
		43,500	47,134	5,703	5,794
Total trade and other payables		85,952	100,254	5,703	5,794

20. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2020: 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 fee and repayable on demand in cash and cash equivalents except for an amount of RM358,000 (2020: RM357,000) which bears interest at a rate of 5.83% (2020: 5.83%) per annum.

21. REVENUE

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At a point in time:				
Sales of goods	381,663	425,032	–	–
Dividend income	–	–	3,919	11,522
	381,663	425,032	3,919	11,522

22. COST OF SALES

Cost of sales represents cost of inventories sold.

23. OTHER INCOME

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Dividend income from short-term fund	43	–	22	–
Fair value gain on short-term fund	14	–	–	–
Gain on foreign exchange:				
- realised	–	212	–	493
- unrealised	–	4,109	–	371
Gain on disposal of property, plant and equipment	–	–	6	30
Government grant	248	184	–	–
Interest income	298	728	80	207
Rental income	1,164	857	–	–
Others	330	354	–	–
	2,097	6,444	108	1,101

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- loans and borrowings	3,063	3,752	–	1
- lease liabilities	513	484	5	7
- others	6	29	–	–
	3,582	4,265	5	8

25. PROFIT BEFORE TAX

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

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		137	127	93	88
- over provision in prior year		–	(3)	–	(3)
- non-statutory audit		5	28	–	9
- component auditors of the Group					
- statutory audit					
- current year		253	214	–	–
- under provision in prior year		9	–	–	–
- non-statutory audit		56	21	–	–
Bad debts written off		324	1,175	–	–
Depreciation and amortisation:					
- property, plant and equipment	5	12,820	13,004	85	79
- investment properties	6	253	273	–	–
Employee benefits expense	26	94,972	106,587	996	1,094
Expenses relating to:					
- short-term leases		73	109	–	–
- low value assets		384	–	–	–
Impairment loss on goodwill		–	1,250	–	–
(Reversal of inventories written down)/Inventories written down, net		(564)	571	–	–
Inventories written off		259	–	–	–
Loss on disposal of property, plant and equipment		128	275	–	–
Loss on voluntary winding up a subsidiary		–	41	–	–

25. PROFIT BEFORE TAX (CONT'D)

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

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net impairment loss/(reversal of impairment loss) on:					
- trade and other receivables		394	1,172	–	–
- investment in subsidiaries	8	–	–	996	10,622
- property, plant and equipment	5	406	–	–	–
- amounts owing by subsidiaries		–	–	34	(2,994)
Property, plant and equipment written off	5	46	–	–	–
Realised loss on foreign exchange		347	–	–	–
Unrealised loss on foreign exchange		3,088	–	512	–

26. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries, wages and bonus	86,773	97,900	887	857
Defined contribution plan	2,880	3,403	85	83
Other staff related expenses	5,319	4,383	24	33
Share-based payments	–	1,171	–	121
	94,972	106,857	996	1,094

Included in employee benefits expenses are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive directors:				
- fees	154	160	150	156
- other emoluments	3,905	5,027	–	35
	4,059	5,187	151	191
Non-executive directors:				
- fees	307	246	307	246
- other emoluments	642	32	9	32
	949	278	316	27
Total directors' remuneration	5,008	5,465	466	469

27. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statement of comprehensive income:				
Current income tax:				
Current income tax charge				
- Malaysian income tax	189	215	14	44
- Foreign income tax	2,197	3,581	–	–
- Under/(Over) provision in prior financial years	118	(1,200)	1	(2)
	2,504	2,596	15	42
Deferred tax (Note 19):				
Origination of temporary differences	75	518	–	–
Over provision in prior financial years	(402)	(771)	–	–
	(327)	(253)	–	–
Tax expense recognised in profit or loss	2,177	2,343	15	42

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	3,325	15,585	601	2,393
Tax at Malaysian statutory income tax rate of 24%	798	3,740	144	574
Effect of different tax rates in other countries	(803)	(1,448)	–	–
Income not subject to tax	(2,607)	(4,009)	(942)	(3,720)
Expenses not deductible for tax purposes	4,923	6,170	812	3,190
Utilisation of previously unrecognised deferred tax assets	(1)	(139)	–	–
Deferred tax assets not recognised during the financial year	151	–	–	–
Under/(Over) provision in prior financial years				
- income tax	118	(1,200)	1	(2)
- deferred tax	(402)	(771)	–	–
Tax expense	2,177	2,343	15	42

28. EARNINGS PER SHARE

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

	Group	
	2021 RM'000	**2020 RM'000**
Profit attributable to the owners of the Company	3,176	15,116
Weighted average number of ordinary shares for basic earnings per share	211,638	210,104
Basic earnings per share (sen)	1.50	7.19

(b) Diluted earnings per share are based on the profit 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	
	2021 RM'000	**2020 RM'000**
Profit attributable to the owners ofthe Company	3,176	15,116
Weighted average number of ordinary shares for basic earnings per share	211,638	210,104
Effect of dilution from ESOS	418	255
Weighted average number of ordinary shares for diluted earnings per share	212,056	210,359
Diluted earnings per ordinary share (sen)	1.50	7.19

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

29. DIVIDENDS

	Company
	2020 RM'000
Single tier interim dividend of RM0.01 per ordinary share in respect of the financial year ended 31 March 2020, paid on 4 Feb 2020	2,100

30. CAPITAL COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	Group	
	2021 RM'000	**2020 RM'000**
In respect of capital expenditure approved but not contracted for:		
- Property, plant and equipment	1,083	5,117

31. RELATED PARTIES

(a) Identity of related parties

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

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

(b) Significant related party transactions

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

	Company	
	2021 RM'000	**2020 RM'000**
Transactions with subsidiaries are as follows:		
Dividend received from:		
- Beauty Electronic Embriodery Centre Sdn. Bhd.	350	–
- La Prima Medtech Sdn Bhd (formerly known as Perusahaan Chan Choo Sing Sdn. Bhd.)	–	9,950
- PCCS (Hong Kong) Ltd.	3,569	1,572
Sales of plant and equipment:		
- Mega Label (Malaysia) Sdn. Bhd.	27	–

(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.

31. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel (Cont'd)

Compensation of key management personnel which includes directors' remuneration as disclosed in Note 26 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employees benefits	4,862	4,962	466	469
Post-employment benefit	146	260	–	–
Benefits-in-kind	–	108	–	–
Share-based payments	–	135	–	–
	5,008	5,465	466	469

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

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

	Carrying amount RM'000	AC RM'000	FVPL RM'000
At 31 March 2021			
Financial assets			
Group			
Trade and other receivables	61,364	61,364	–
Short-term fund	12,945	–	12,945
Deposits, cash and bank balances	37,696	37,696	–
	112,005	99,060	12,945
Company			
Trade and other receivables	17,097	17,097	–
Short-term fund	6,588	–	6,588
Deposits, cash and bank balances	5,283	5,283	–
	28,968	22,380	6,588

32. FINANCIAL INSTRUMENTS (CONT'D)

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

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

	Carrying amount RM'000	AC RM'000	FVPL RM'000
At 31 March 2021			
Financial liabilities			
Group			
Trade and other payables	85,952	85,952	–
Loans and borrowings	71,323	71,323	–
	157,275	157,275	–
Company			
Trade and other payables	5,703	5,703	–
Loans and borrowings	60	60	–
	5,763	5,763	–
At 31 March 2020			
Financial assets			
Group			
Trade and other receivables	52,540	52,540	–
Deposits, cash and bank balances	65,031	65,031	–
	117,571	117,571	–
Company			
Trade and other receivables	22,380	22,380	–
Deposits, cash and bank balances	10,909	10,909	–
	33,289	33,289	–
Financial liabilities			
Group			
Trade and other payables	100,254	100,254	–
Loans and borrowings	65,526	65,526	–
	165,780	165,780	–
Company			
Trade and other payables	5,794	5,794	–
Loans and borrowings	131	131	–
	5,925	5,925	–

32. 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 RM48,000 (2020: RM44,000) 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)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Foreign exchange risk (Cont'd)

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

	Singapore Dollars RM'000	Cambodian Riel RM'000	United States Dollar RM'000	Total RM'000
Functional Currency of the Group				
At 31 March 2021				
Ringgit Malaysia	184	–	6,171	6,355
Chinese Renminbi	–	–	4,371	4,371
United States Dollars	–	147	–	147
Singapore Dollars	–	–	36	36
Hong Kong Dollars	–	–	(9,209)	(9,209)
	184	147	1,369	1,700

	Singapore Dollars RM'000	Cambodian Riel RM'000	United States Dollar RM'000	Total RM'000
Functional Currency of the Group				
At 31 March 2020				
Ringgit Malaysia	103	–	2,160	2,263
Chinese Renminbi	–	–	4,154	4,154
United States Dollars	–	297	–	297
Hong Kong Dollars	–	–	(13,428)	(13,428)
	103	297	(7,114)	(6,714)

	United States Dollars RM'000
Functional Currency of the Company	
At 31 March 2021	
Ringgit Malaysia	4,522
At 31 March 2020	
Ringgit Malaysia	14

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Foreign exchange risk (Cont'd)

Sensitivity analysis

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

		Effect on profit before tax for the financial year			
		Group		Company	
	Change in rate	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD/RM	+ 5%	309	108	226	1
	- 5%	(309)	(108)	(226)	(1)
USD/RMB	+ 5%	219	208	–	–
	- 5%	(219)	(208)	–	–
USD/HKD	+ 5%	(460)	(671)	–	–
	- 5%	460	671	–	–
SGD/RM	+ 5%	9	5	–	–
	- 5%	(9)	(5)	–	–
KHR/USD	+ 5%	7	15	–	–
	- 5%	(7)	(15)	–	–

32. 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
Group					
2021					
Financial liabilities:					
Trade and other payables	85,952	85,952	–	–	85,952
Loans and borrowings	71,323	44,762	18,131	9,395	72,288
	157,275	130,714	18,131	9,395	158,240
2020					
Financial liabilities:					
Trade and other payables	100,254	100,254	–	–	100,254
Loans and borrowings	65,526	41,959	15,661	12,595	70,215
	165,780	142,213	15,661	12,595	170,469

32. 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
Company				
2021				
Financial liabilities:				
Trade and other payables	5,703	5,703	–	5,703
Loans and borrowings	60	56	6	62
Financial guarantee contract	–	68,578	–	68,578
	5,763	74,337	6	74,343
2020				
Financial liabilities:				
Trade and other payables	5,794	5,794	–	5,794
Loans and borrowings	131	76	60	136
Financial guarantee contract	–	60,461	–	60,461
	5,925	66,331	60	66,391

(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.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

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 RM68,578,000 (2020: RM60,461,000) 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 two (2020: two) customers who accounted for 61% (2020: 42%) 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.

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

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

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

Credit risk concentration profile (Cont'd)

Trade receivables and contract assets (Cont'd)

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

	Gross carrying amount at default RM'000
Group	
At 31 March 2020	
Contract assets	3,229
Trade receivables	
Current	38,965
1-30 days past due	5,298
31-60 days past due	2,260
61-90 days past due	1,908
91-120 days past due	82
>120 days past due	532
	49,045
Impaired - individually	1,289
	50,334
	53,563

Receivables that are impaired
The Group's trade receivables that are impaired at the reporting date are disclosed in Note 10(a).

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Credit risk (Cont'd)

Other receivables and other financial assets

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

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

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 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

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 RM68,578,000 (2020: RM60,461,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32(b)(iii). As at reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

32. FINANCIAL INSTRUMENTS (CONT'D)

(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.

There have been no transfers between Level 1 and Level 2 during the financial year (2020: no transfer in either directions).

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

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

33. 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
ii) Label & packaging – printing of labels and stickers
iii) Others – investment holding and provision for management services, manufacturing of seamless bonding embroidering of logos and emblems, printing and marketing of silk screen printing products.

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.

33. SEGMENT INFORMATION (CONT'D)

31 March 2021	Apparel RM'000	Label & packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Revenue:						
External sales	307,069	59,124	15,470	–		381,663
Inter-segment sales	62,898	4,147	14,240	(81,285)	(a)	-
Total revenue	369,967	63,271	29,710	(81,285)		381,663
Results:						
Bad debts written off	–	324	–	–		324
Depreciation and amortisation:						
- property, plant and equipment	5,103	5,868	1,895	(46)		12,820
- investment properties	239	–	12	2		253
Expenses relating to:						
- short term leases	37	28	8	–		73
- low value assets	384	–	–	–		384
Finance costs	1,939	1,608	86	(51)		3,582
Interest income	(83)	(37)	(178)	–		(298)
(Reversal of inventories written down)/ Inventories written down, net	–	(651)	87	–		(564)
Inventories written off	–	259	–	–		259
Loss on disposal of property,plant and equipment	153	(186)	(5)	166		128
Net impairment loss on trade and other receivables	178	142	74	–		394
Rental income	(1,110)	–	(126)	72		(1,164)
Segment profit/(loss)	10,505	(5,331)	1,986	(3,835)	(b)	3,325
Tax expense	(1,842)	(134)	(300)	99		(2,177)
Profit for the financial year	8,663	(5,465)	1,686	(3,736)		1,148
Assets:						
Additions to non-current assets	6,950	11,572	931	(1,187)	(c)	18,266
Segment assets	237,509	94,553	129,782	(138,135)	(d)	323,709
Segment liabilities	179,184	59,234	25,234	(106,377)	(e)	157,275

33. SEGMENT INFORMATION (CONT'D)

31 March 2020	Apparel RM'000	Label & packaging RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
Revenue:						
External sales	341,763	61,891	21,378	–		425,032
Inter-segment sales	147,146	2,861	21,254	(171,261)	(a)	-
Total revenue	488,909	64,752	42,632	(171,261)		425,032
Results:						
Bad debts written off	1,127	15	33	–		1,175
Depreciation and amortisation:						
- property, plant and equipment	6,241	4,927	1,861	(25)		13,004
- investment properties	268	–	3	2		273
Expenses relating to short-term leases	–	109	–	–		109
Finance costs	3,234	1,493	160	(622)		4,265
Interest income	(417)	(62)	(249)	–		(728)
Inventories written down	-	474	97	–		571
Loss on disposal of property,plant and equipment	448	(18)	(155)	–		275
Loss on voluntary winding up a subsidiary	41	-	-	–		41
Net impairment loss on trade and other receivables	1,184	-	(12)	–		1,172
Rental income	(677)	(173)	(7)	–		(857)
Segment profit/(loss)	16,111	(9,705)	3,423	5,756	(b)	15,585
Tax expense	(3,041)	1,358	(606)	(54)		(2,343)
Profit for the financial year	13,070	(8,347)	2,817	5,702		13,242
Assets:						
Additions to non-current assets	22,295	6,210	1,794	(738)	(c)	29,561
Segment assets	247,963	97,519	133,908	(152,801)	(d)	326,589
Segment liabilities	190,755	64,813	46,510	(136,272)	(e)	165,806

33. SEGMENT INFORMATION (CONT'D)

(a) Inter-segment sales are eliminated on consolidation.

(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.

	2021 RM'000	2020 RM'000
Impairment loss on investment in subsidiaries	996	10,662
Reversal of allowance for impairment of investment in subsidiaries	(347)	(2,994)
Profit from inter-segment sales	(4,484)	(1,912)
	(3,835)	5,756

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

	2021 RM'000	2020 RM'000
Property, plant and equipment	18,266	29,561

(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.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	54,602	52,916	49,026	42,615
Cambodia	20,363	54,348	31,205	33,613
The People's Republic of China	138,790	150,760	53,590	52,534
Hong Kong	167,908	167,008	134	329
	381,663	425,032	133,955	129,091

33. SEGMENT INFORMATION (CONT'D)

Geographical Information (Cont'd)

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

	2021 RM'000	2020 RM'000
Property, plant and equipment	123,985	119,328
Investment properties	9,800	9,763
Total non-current assets	133,785	129,091

Information about major customers

Revenue from four (2020: four) major customers amounted to RM245,155,000 (2020: RM293,361,000), arising from sales by the apparel segment.

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

(a) On 19 April 2021, the Company incorporated a 80% owned subsidiary company in Malaysia, under the name of Southern Auto Capital Sdn. Bhd. The intended principal activity of Southern Auto Capital Sdn. Bhd. is leasing, hire purchase and insurance business for all kinds of motor vehicles and machinery.

(b) **COVID-19 pandemic**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 pandemic in Malaysia. When the number of daily new infections began to fall, the MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a third wave of infections in Malaysia, the Government re-imposed the MCO in certain states until 5 March 2021, followed by Conditional MCO thereafter. On 1 June 2021, the Full MCO was imposed in Malaysia as a result of the significant increases on the number of daily new infections. The COVID-19 pandemic also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2021, except for the temporary decrease in sales in respective countries which the Group operates as a result of the restrictions and precautionary measures imposed in the countries.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

35. 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 2021 and 31 March 2020.

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

Other than those disclosed in Note 17(c), the Group and the Company are not subject to any externally imposed capital requirements.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	71,323	65,526	60	131
Trade and other payables	85,952	100,254	5,703	5,794
Short-term fund	(12,945)	–	(6,588)	–
Deposits, cash and bank balances	(37,696)	(65,031)	(5,283)	(10,909)
Net debt	106,634	100,749	(6,108)	(4,984)
Equity attributable to the owners of the Company	160,166	153,509	86,523	85,325
Capital and net debt	266,800	254,258	80,415	80,341
Gearing ratio	40%	40%	*	*

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

36. COMPARATIVE NOTE

The following comparative figures have been reclassified to conform with current year presentation:

	As previously classified RM RM'000	Reclassification RM RM'000	As reclassified RM RM'000
2020			
Statement of Financial Position			
Trade and other receivables	55,769	(3,229)	52,540
Contract assets	–	3,229	3,229
Statement of Cash Flows			
Cash flows from operating activities			
Changes in Working Capital:			
Contract assets	–	(3,229)	(3,229)
Trade and other receivables	39,026	3,229	42,255

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

We, **CHAN CHOO SING** and **CHAN CHOW TEK**, being two of the directors of PCCS Group Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 100 to 178 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 2021 and of their financial performance and cash flows for the financial year then ended.

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

CHAN CHOO SING
Director

CHAN CHOW TEK
Director

Date: 13 August 2021

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **CHAN CHOO SING**, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 100 to 178 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHAN CHOO SING

Subscribed and solemnly declared by the abovenamed at Batu Pahat in the State of Johor Darul Ta’zim on 13 August 2021.

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 2021 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 100 to 178.

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 2021, 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

Inventories (Notes 4(a) and 9 to the financial statements)

The Group has significant inventories amounting to RM68,198,000 as at 31 March 2021. The accounting policy of the inventories of the Group is to state inventories at lower of cost and net realisable value.

We focused on the inventories due to significance of the value of inventories as part of the total assets and the multiple locations in which the inventories are located.

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.

Key Audit Matters (Cont'd)

Group (Cont'd)

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

The Group has significant trade receivables as at 31 March 2021. In making the assumptions about risk of default and expected loss rate of the trade receivables, the directors selected inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of the reporting period. We focused on this area because the directors made significant judgements over assumptions in this areas

Our response:

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

Company

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITORS' REPORT
(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

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

Kuala Lumpur

Date: 13 August 2021

GROUP PROPERTIES
AS AT 31 MARCH 2021

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
	La Prima Medtech Sdn Bhd (formerly known as Perusahaan Chan Choo Sing Sdn Bhd)						
1.	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	28	663	04/04/1994*
	Keza Sdn Bhd						
2.	No. 11A, Jalan 3, Taman Perindustrian Sinaran, 86000 Kluang, Johor, Malaysia.	Factory Building	Freehold	2,002 (2,000)	22	102	04/09/2007
	Mega Label (Malaysia) Sdn Bhd						
3.	No. 4, Jalan Palam 34/18A, Seksyen 34, 40470 Shah Alam, Selangor Darul Ehsan. Malaysia.	2 Storey Office cum 1 Storey Factory	Freehold	22,593 (14,936)	10	3,854	28/12/2010
4.	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office and Factory Building	Freehold	185,130# (88,000)	23	7,558	12/12/1997 26/10/2018*
5.	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Hostel Building	Freehold	74,104 (148,844)	18	3,283	31/03/2004 26/10/2018*
	# Including 74,104 sq ft for Hostel - Item 5						
	PCCS Garments (Suzhou) Ltd						
6.	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)	19	9,002	28/08/2008
		1 Block of Dormitory	Leasehold expiring 27/7/2058	23,509 (28,710)	13	1,358	21/08/2008

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*
7.	Room 203,205 & 206, 2nd Floor, Shanghai Western Business District C-2, No.31, Lot 1555, Jing Sha Jiang Xi Road, Jia Ding Area, Shanghai, China 201803	3 units Office Lot cum 3 units car park	Leasehold expiring 13/9/2056	10,570 (9,462)	8	6,970	30/04/2013
8.	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)	17	2,065	09/09/2010
	Mega Labels & Stickers (Cambodia) Co., Ltd.						
9.	P2-067, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	2 Blocks of 2 Storey Office and Factory Building	Leasehold expiring 22/7/2062	61,785 (42,614)	9	4,960	23/07/2012
10.	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 22/7/2062	56,145 (25,663)	6	2,385	12/09/2012
	PCCS Garments (Shandong) Limited						
11.	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)	10	22,400	03/09/2019

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*
	Wan He Da Manufacturing Company Limited						
12.	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)	13	10,116	10/09/2019

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JULY 2021

Total Issued Share Capital	:	213,959,407 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	296	8.81	13,748	0.01
100 – 1,000	344	10.24	217,237	0.10
1,001 – 10,000	1,722	51.27	8,076,805	3.77
10,001 – 100,000	866	25.78	28,009,295	13.09
100,001 – 10,697,969 (*)	129	3.84	81,861,594	38.26
10,697,970 and above (**)	2	0.06	95,780,728	44.77
TOTAL	**3,359**	**100.00**	**213,959,407**	**100.00**

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

LIST OF SUBSTANTIAL SHAREHOLDERS

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

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
CCS Capital Sdn. Bhd.	88,048,028	41.15	–	–
Chan Choo Sing	8,376,102	3.91	89,670,128 (1)	41.91
Tan Kwee Kee	1,622,100	0.76	96,424,130 (2)	45.07
Chan Wee Kiang	2,211,964	1.03	88,048,028 (3)	41.15
Federlite Holdings Sdn. Bhd.	17,832,700	8.33	–	–
Soh Chak Boo	702,500	0.33	17,832,700 (4)	8.33
Mok Puay Kang	300,000	0.14	17,832,700 (4)	8.33

Notes:

(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 No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Chan Choo Sing	8,376,102	3.91	89,670,128 (1)	41.91
Chan Wee Kiang	2,211,964	1.03	88,048,028 (2)	41.15
Chan Wee Boon	100,000	0.05	–	–
Chan Chow Tek	9,456,142	4.42	–	–
Dato' Chan Chor Ngiak	4,847,960	2.27	4,665 (3)	negligible
Chan Chor Ang	4,407,969	2.06	100,000 (4)	0.05
Julian Lim Wee Liang	–	–	–	–
Piong Yew Peng	50,000	0.02	–	–
Joyce Wong Ai May	–	–	–	–

Notes:

(1) Deemed interested by virtue of his spouse, Madam Tan Kwee Kee's shareholding in the Company and his direct interest of 40% in the equity of CCS Capital Sdn. Bhd.
(2) Deemed interested by virtue of his direct interest of 30% in the equity of CCS Capital Sdn. Bhd.
(3) Deemed interested by virtue of his spouse, Datin Mok Gwa Nang's shareholding in the Company.
(4) Deemed interested by virtue of his spouse, Madam Chia Lee Kean's shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	%
1.	CCS Capital Sdn. Bhd.	77,948,028	36.43
2.	Federlite Holdings Sdn. Bhd.	17,832,700	8.33
3.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for CCS Capital Sdn. Bhd.*	10,100,000	4.72
4.	Chan Chow Tek	9,456,142	4.42
5.	Chan Choo Sing	8,376,102	3.91
6.	Dato' Chan Chor Ngiak	4,777,026	2.23
7.	Chan Chor Ang	4,407,969	2.06
8.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for See Kok Wah*	2,742,300	1.28
9.	Chan Wee Kiang	2,211,964	1.03
10.	Ching Gek Lee	1,900,000	0.89
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Kwee Kee*	1,622,100	0.76
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chin Foo Kong*	1,462,900	0.68
13.	Chan Kai Fei	1,400,000	0.65
14.	Low Hing Noi	1,300,000	0.61
15.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim King Hua*	1,100,000	0.51
16.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Gan Kuok Chyuan*	1,000,000	0.47
17.	Lim Poh Teot	886,866	0.41
18.	Gek Lee Enterprise Sdn. Bhd.	875,000	0.41
19.	Ban Hock Seng Sdn. Bhd.	780,000	0.36
20.	Tee Keng Hoon	730,000	0.34
21.	Soh Chak Boo	702,500	0.33
22.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng Sheng Haur*	700,000	0.33
23.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Kai Fei*	700,000	0.33
24.	Syarikat Rimba Timur (RT) Sdn. Bhd.	700,000	0.33
25.	Amsec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ng You Choon*	687,800	0.32
26.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Chin Hock*	663,350	0.31
27.	Law Wee Shen	652,300	0.30
28.	Lee Thong Heng	610,000	0.29
29.	Amsec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Law Goo @ Law Yeow Ching*	560,000	0.26
30.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Liew Kah Chun*	558,900	0.26
		157,443,947	73.59

ANALYSIS OF WARRANTHOLDINGS
AS AT 30 JULY 2021

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

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	67	6.34	3,145	0.00
100 – 1,000	52	4.92	24,974	0.03
1,001 – 10,000	373	35.32	2,213,612	2.46
10,001 – 100,000	422	39.96	16,303,374	18.11
100,001 – 4,500,896 (*)	141	13.35	66,764,950	74.17
4,500,897 and above (**)	1	0.09	4,707,902	5.23
TOTAL	**1,056**	**100.00**	**90,017,957**	**100.00**

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

LIST OF DIRECTORS' WARRANTHOLDINGS

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

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

Notes:

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

ANALYSIS OF WARRANTHOLDINGS
(CONT'D)

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Warrantholders	Number of Warrants	%
1.	CCS Capital Sdn. Bhd.	4,707,902	5.23
2.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Kong Kok Choy*	2,500,000	2.78
3.	Ong Eng Khoon	2,250,000	2.50
4.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Kong Kok Choy*	2,000,000	2.22
5.	Foong Ai Lin	1,850,000	2.06
6.	Colin Soh Cheng Hoe	1,656,500	1.84
7.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chong Chew Yeng*	1,500,000	1.67
8.	Tang Mun Phun	1,500,000	1.67
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Phang Chung Ming*	1,300,000	1.44
10.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Karamjit Kaur A/P Pall Singh*	1,269,100	1.41
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Hai Pong @ Chen Hai Peng*	1,200,000	1.33
12.	Lee Bee Seng	1,200,000	1.33
13.	JF Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tee Jen Tong*	1,167,800	1.30
14.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Colin Soh Cheng Hoe*	1,129,400	1.25
15.	Chua Lee Guan	1,100,000	1.22
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Kai Fei*	1,000,300	1.11
17.	Elvin Siew Chun Wai	1,000,000	1.11
18.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hafidah binti Pawanchik*	1,000,000	1.11
19.	Lee Hung Cheng	1,000,000	1.11
20.	Tee Lin Say	1,000,000	1.11
21.	Aljunid bin Shareef Ahmad	900,000	1.00
22.	Ong Poh Gaik	900,000	1.00
23.	Yap Chee Kian	863,900	0.96
24.	HLIB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wong Yik Heng*	850,000	0.94
25.	Ting Meng Pheng	850,000	0.94
26.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Roshan A/L Mahendran*	800,000	0.89
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Sang Juen*	759,400	0.84
28.	CGS-CIMB Nominees (Asing) Sdn. Bhd. *Pledged Securities Account for Paul Ian Brown Kenyon*	750,000	0.83
29.	Ching Gek Lee	750,000	0.83
30.	Lim Ren En	720,700	0.80
		39,475,002	43.85

This page has been intentionally left blank

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

FORM OF PROXY

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

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

______________________________ Company No./NRIC No. ______________________________ of

____
(Full Address)

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

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

of ____
(Full Address)

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

of ____
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Seventh ("**27th**") Annual General Meeting of the Company to be held on a fully virtual basis via remote participation and voting through online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ provided by SS E Solutions Sdn. Bhd. on Wednesday, 22 September 2021 at 10:00 a.m. or at any adjournment thereof.

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

No.	Resolutions		For	Against
1.	*To re-elect Mr. Chan Wee Kiang as Director (Clause 115)*	*(Resolution 1)*		
2.	*To re-elect Mr. Chan Wee Boon as Director (Clause 115)*	*(Resolution 2)*		
3.	To re-elect Ms. Joyce Wong Ai May as Director (Clause 115)	*(Resolution 3)*		
4.	To re-elect Mr. Julian Lim Wee Liang as Director (Clause 117)	*(Resolution 4)*		
5.	To re-elect Mr. Piong Yew Peng as Director (Clause 117)	*(Resolution 5)*		
6.	To approve the payment of Directors' fees for the financial year ended 31 March 2021	*(Resolution 6)*		
7.	To approve the benefits payable to the Independent Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016	*(Resolution 7)*		
8.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of next Annual General Meeting and to authorise the Directors to fix their remuneration	*(Resolution 8)*		
	As Special Business			
9.	Ordinary Resolution - Retention of Mr. Julian Lim Wee Liang as an Independent Non-Executive Director	*(Resolution 9)*		
10.	Ordinary Resolution - Authority to Issue Shares pursuant to the Companies Act 2016	*(Resolution 10)*		
11.	Ordinary Resolution - Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	*(Resolution 11)*		
12.	Ordinary Resolution - Proposed Allocation of Employees' Share Option Scheme ("**ESOS**") Options to Ms. Joyce Wong Ai May	*(Resolution 12)*		
13.	Ordinary Resolution - Proposed Share Buy-back	*(Resolution 13)*		

* Strike out whichever not applicable

Signed this........................... day of 2021

....
Signature of Member/Common Seal

Notes:

1. The members are advised to refer to the Administrative Guide on the registration, participation and voting process for the 27th Annual General Meeting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 September 2021 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.
3. 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.
4. 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.
5. 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.
6. 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.
7. The instrument appointing a proxy must be deposited at SS E Solutions 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 or submit electronically via Securities Services e-Portal at https://sshsb.net.my/ before the proxy form submission cut-off time as mentioned above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.
8. 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.

Please fold here

Affix
Stamp

PCCS Group Berhad [199301026191 (280929-K)]
C/O SS E Solutions Sdn. Bhd.

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

Please fold here

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 8866
Fax No: +607-456 8860

www.pccsgroup.net