



SOUTHERN CABLE

(Registration No. 201901011439 (1320767-M))
(Incorporated in Malaysia)



SOUTHERN CABLE GROUP BERHAD

ANNUAL REPORT 2022



CONTENTS

Design with specification, manufacture with integrity.

- 2** Corporate Profile
- 3** Corporate Information
- 4** Corporate Structure
- 5** 5-Year Financial Highlights
- 7** Chairman's Statement
- 9** Management Discussion and Analysis

- 14** Sustainability Statement
- 26** Directors' Profile
- 29** Key Senior Managements' Profile
- 30** Corporate Governance Overview Statement
- 43** Audit and Risk Management Committee Report
- 46** Statement on Risk Management and Internal Control
- 49** Directors' Responsibility Statement
- 50** Additional Compliance Information



Financial Statement

- 51** Directors' Report
- 57** Statements of Financial Position
- 59** Statements of Comprehensive Income
- 60** Statements of Changes In Equity
- 62** Statements of Cash Flows
- 65** Notes to the Financial Statements
- 123** Statement By Directors
- 123** Statutory Declaration
- 124** Independent Auditors' Report
- 128** Analysis of Shareholdings
- 131** Analysis of Warrant Holdings
- 133** List of Properties
- 135** Notice of Annual General Meeting
- 139** Appendix A
- 141** Administrative Guide
- Proxy Form

CORPORATE PROFILE

OUR CABLES AND WIRES, LIGHT UP THE NATION

Southern Cable has an established track record as a manufacturer of cables and wires. Our extensive portfolio includes cables and wires used for power distribution and transmission, communications, as well as control and instrumentation applications.

Our cables and wires are used across various industries that range from power distribution and transmission, building and construction, infrastructure, telecommunications, manufacturing and processing industries including oil and gas processing and petrochemical plants.

Established in 1993, Southern Cable's reputation was built on the team's commitment to quality, technical expertise and customer-centric services.

OUR GROUP



OUR VISION

To be the leading company that takes pride in innovation and inspiration through smart cable manufacturing services while aspiring to become one of Southeast Asia's most sought-after suppliers in infrastructure development.



OUR MISSION

To produce superior quality cables and wires through accredited methods such as SIRIM QAS International certification while providing trustworthy services on our extensive cables and wires portfolio.

APPROXIMATE
NUMBER OF
EMPLOYEES

677

ESTABLISHED
IN YEAR

1993

CORPORATE INFORMATION

BOARD OF DIRECTORS

Rizvi Bin Abd Halim
Independent
Non-Executive Chairman

Tung Eng Hai
Managing Director

Wong Meng Kee
Executive Director

Wong Kar Wai
Non-Independent
Non-Executive Director

Eugene Lee Cheng Hoe
Independent
Non-Executive Director

Daphne Choy Gaik Choo
Independent
Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Eugene Lee Cheng Hoe (Chairman)
Rizvi Bin Abd Halim
Wong Kar Wai
Daphne Choy Gaik Choo

NOMINATION AND REMUNERATION COMMITTEE

Daphne Choy Gaik Choo (Chairperson)
Rizvi Bin Abd Halim
Eugene Lee Cheng Hoe

COMPANY SECRETARY

Tea Sor Hua (MACS 01324)
(CCM Practising Certificate No.
201908001272)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No : (03) 7725 1777
Fax No : (03) 7722 3668

HEAD OFFICE

Lot 42, Jalan Merbau Pulas
Kawasan Perusahaan Kuala Ketil
09300 Kuala Ketil
Kedah Darul Aman
Tel No : (04) 416 1600
Fax No : (04) 416 1599
Website : www.southerncable.com.my
Email : sc@southerncable.com.my

EXTERNAL AUDITORS

Baker Tilly Monteiro Heng PLT
[201906000600 (LLP0019411-LCA) &
AF 0117]
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No : (03) 2297 1000
Fax No : (03) 2282 9980

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
[199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No : (03) 7890 4700
Fax No : (03) 7890 4670

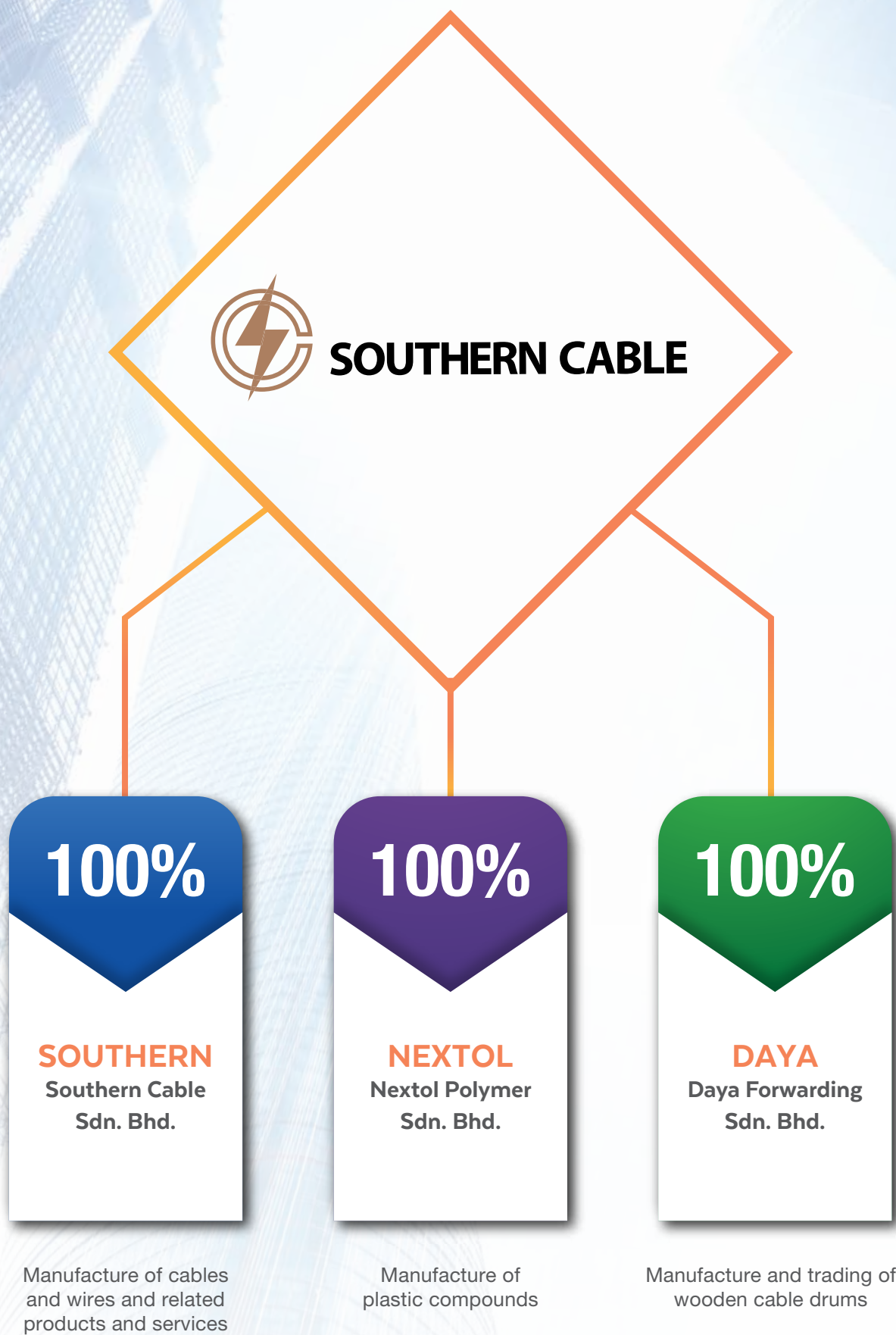
PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
AmBank Islamic Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : SCGBHD
Stock Code : 0225

CORPORATE STRUCTURE



5-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

For the Financial Year Ended 31 December (RM '000)

STATEMENT OF COMPREHENSIVE INCOME SUMMARY

	2018	2019	2020	2021	2022
Revenue	683,199	656,687	562,727	659,939	875,879
Gross Profit	65,228	67,222	55,896	39,242	51,715
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	48,686	52,996	43,107	27,570	44,720
Operating Profit	41,854	46,693	36,410	20,151	28,201
Profit Before Tax (PBT)	33,132	39,324	30,014	14,310	19,859
Profit After Tax (PAT)	26,233	28,549	21,262	10,906	14,544

STATEMENT OF FINANCIAL POSITION SUMMARY

Property, Plant and Equipment	58,019	18,162	24,551	43,559	51,956
Right-of-use Assets	-	53,275	46,572	43,375	40,389
Investment Properties	5,734	536	530	523	517
Inventories	77,756	62,133	88,955	182,529	223,256
Cash and Short Term Deposits	77,989	56,600	129,420	35,411	21,872
Other Assets and Non-Current Assets	156,467	180,400	158,224	199,326	232,542
Total Assets	375,965	371,106	448,252	510,707	570,532

Equity Attributable to Owners of the Group	147,457	176,006	267,261	274,967	287,832
Loans and Borrowings	186,019	154,633	124,934	166,730	217,738
Other Current and Non-Current Liabilities	42,489	40,467	56,057	69,010	64,962
Total Equity and Liabilities	375,965	371,106	448,252	510,707	570,532

Financial Indicators

Gross Profit Margin (%)	9.5%	10.2%	9.9%	5.9%	5.9%
EBITDA Margin (%)	7.1%	8.1%	7.7%	4.2%	5.1%
Operating Margin (%)	6.1%	7.1%	6.5%	3.1%	3.2%
PBT Margin (%)	4.8%	6.0%	5.3%	2.2%	2.3%
PAT Margin (%)	3.8%	4.3%	3.8%	1.7%	1.7%
Gearing (Net of Cash) (times)	0.73	0.56	Net Cash	0.48	0.68
Earnings per Share (sen) ⁽¹⁾					
- Basic	3.28	3.57	2.66	1.36	1.82
- Diluted	-	-	-	1.36	1.79
Net Assets Per Share (RM) ⁽¹⁾	0.18	0.22	0.33	0.34	0.36

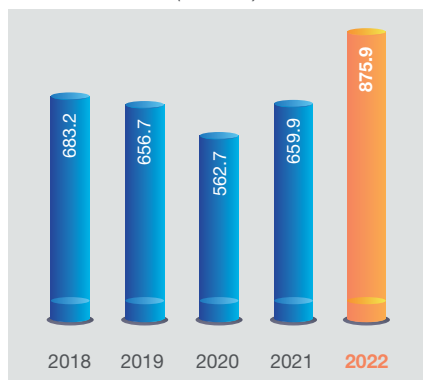
Note:

(1) Based on enlarged share capital of 800,000,000 shares in issue as at 31 December 2022.

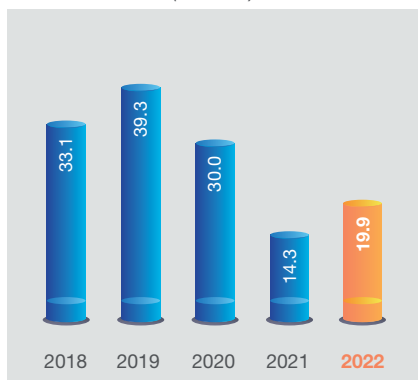
5-YEAR FINANCIAL HIGHLIGHTS

Cont'd

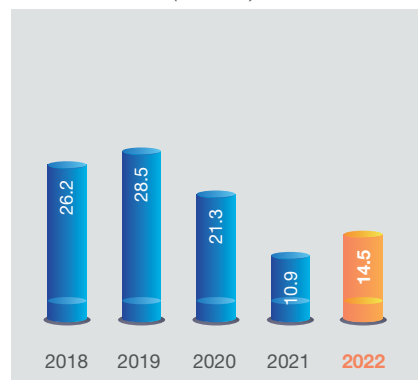
REVENUE
(RM' mil)



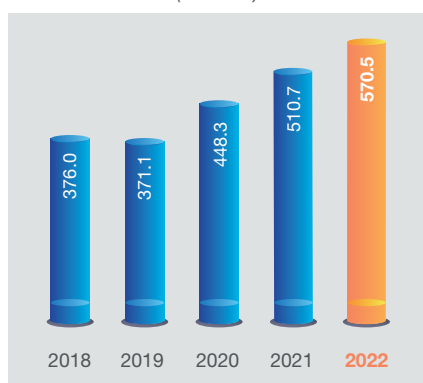
PROFIT BEFORE TAX
(RM' mil)



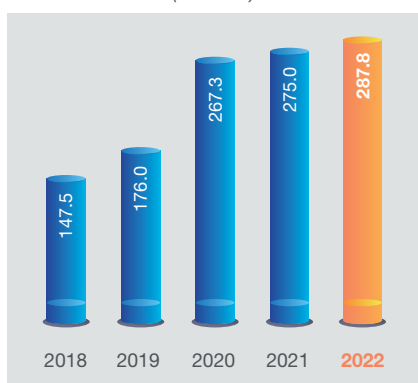
PROFIT AFTER TAX
(RM' mil)



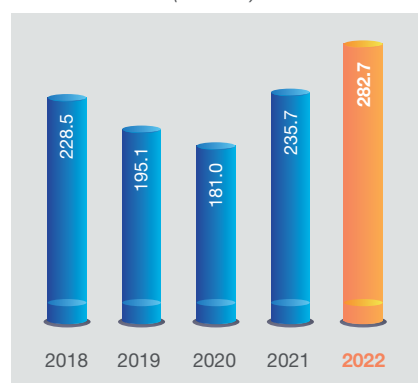
TOTAL ASSETS
(RM' mil)



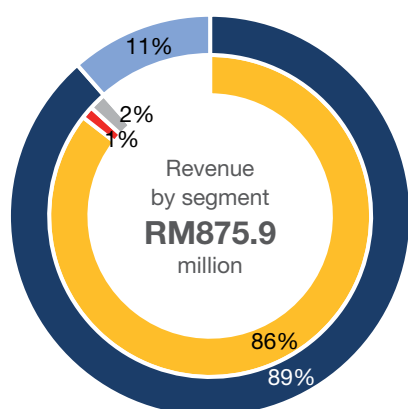
SHAREHOLDERS' EQUITY
(RM' mil)



TOTAL LIABILITIES
(RM' mil)



FYE2022 PERFORMANCE



- Cables and Wires
- Power
- Communications
- Control & Instrumentation
- Related products and services

0.28 sen
per share

final dividend

Payout Ratio
15.4%
of FYE2022 PAT

CHAIRMAN'S STATEMENT

“

Dear esteemed shareholders,

The financial year ended 31 December 2022 (“FYE2022”) was a good year for Southern Cable Group Berhad (“Southern Cable”) and its subsidiaries (“the Group”). Despite the challenges set off by the COVID-19 pandemic for the past 2 years, the Group demonstrated perseverance and profitability.

On behalf of the Board of Directors, I am pleased to showcase these highlights in this Annual Report and Audited Financial Statements for FYE2022.

”



CHAIRMAN'S STATEMENT

Cont'd

ECONOMIC REVIEW

2022 began on a good note as countries worldwide were focused on recovering from the COVID-19 pandemic, since it started in 2020. However, an unexpected turn of events unfolded in February 2022 with the escalation of the Russia-Ukraine war. As a result, this tension caused price volatility of energy resources such as coal, oil, and gas, and subsequently triggering worldwide inflationary impact onto goods and services.

Against this backdrop, the International Monetary Fund reported that the world was experiencing a sharper-than-expected slowdown, with the global Gross Domestic Product ("GDP") recording a lower growth of 3.4% in 2022 from growth of 6.0% in 2021.

Back home, Malaysia also faced similar inflationary pressures impacting many industries. Even so, our nation's economic activities saw improvement, as business operations fully commenced since the transition into endemicity in April 2022. As a result, GDP grew 8.7% in 2022 from 3.1% in 2021, according to Bank Negara Malaysia.

OPERATION HIGHLIGHTS

In the third quarter of 2022, Southern Cable successfully delivered our first order to a cable and wire distributor based in the US. Gradually, the Group hopes to work towards a long-term supply agreement with the distributor, which will enable the Group to achieve sustainable revenue stream to expand our overseas presence.

In the meantime, Southern Cable is aiming to establish a strong delivery track record with the distributor. For the long-term, Southern Cable will attempt to build our brand in the US market and progressively source for new customers in the market.

DIVIDENDS

We remain committed to rewarding our shareholders through dividends, in adherence to our policy to distribute a minimum of 15% of annual net profit attributable to shareholders as dividends.

The Board is pleased to propose a final dividend of 0.28 sen per share in respect of FYE2022, amounting to a dividend payout of RM2.2 million representing 15.4% of net profit attributable to shareholders. This dividend will be subjected to shareholders' approval during the forthcoming annual general meeting.

FORWARD OUTLOOK

Looking into 2023, it remains an uncertain year ahead as global inflationary pressures persist due to the ongoing geopolitical tensions, which may continue to affect global commodity prices of energy resources, metals, and many others. Against this backdrop, the IMF World Economic Outlook report published in January 2023 has forecasted global GDP growth to slow to 2.9%, from 3.4% in 2022.

Similarly, Global Economic Prospects report published in January 2023 by The World Bank also forecasted Malaysia's GDP growth for 2023 to moderate to 4.0%, as elevated prices and further monetary policy tightening are expected to hold back activity this year, especially investment.

The Malaysian Government in February 2023 tabled the revised Budget 2023 and allocated RM99.0 billion for the nation's development expenditure, which include high impact infrastructure projects, and acceleration of ongoing projects including the 5G network infrastructure works, as well as public roads and transportations. These initiatives will spur favourable demand for cables and wires.

Southern Cable will strive for continued excellence on providing the nation with high-quality cables and wires to support its progress onwards, and thereby reinforcing our leading position in this sector.

APPRECIATION

To the Board of Directors, management, and the entire team of Southern Cable, I would like to express my heartfelt gratitude. Your efforts have demonstrated strong commitments towards the Group's ambitions to pursue growth and maintained our position as one of the nation's leading cable and wire manufacturers.

I wish to also thank our shareholders, clients, business associates of Southern Cable, as well as the various financial institutions, agencies, and regulatory authorities for their continuous support.

ENCIK RIZVI BIN ABD HALIM

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Dear esteemed shareholders,

The world was inundated with new challenges one after another in 2022. With the COVID-19 pandemic behind us, geopolitical tensions in Europe were causing fluctuation in energy and commodity prices as global supply was impacted.

Fortunately, Southern Cable's raw material supply chain was uninterrupted, as our copper, aluminium, and resin are mainly sourced from Southeast Asia countries, and Australia. However, we did experience higher energy costs and volatile prices for our required raw materials. Nonetheless, the Group has managed to steer through the challenges and remained profitable in the financial year ended 31 December 2022 ("FYE2022").

Our operations and supply chain also saw improvements, as the global shift to endemicity phase in 2022 has allowed businesses to fully commence works and trade borders to reopen. This also enabled us to record more orders for cables and wires from various industries such as power distribution and transmission, construction, and infrastructure.

Furthermore, the Group also made efforts to increase our workforce so that we can maintain timely delivery to our customers. In fact, we also recorded higher utilisation rate in FYE2022, and this led to higher revenue as well.

BUSINESS OVERVIEW

Southern Cable is in the business of manufacturing cables and wires, and production and/or trading of other related products and services. Apart from that, our key in-house supporting activities enable us to manage the quality and efficiency of our manufacturing process.

1) Manufacturing of Cables and Wires

Southern Cable Sdn Bhd ("SCSB"), a wholly-owned subsidiary of Southern Cable, is involved in manufacturing of cables and wires, and related products and services. SCSB is located at Kawasan Perusahaan Kuala Ketil in Kedah Darul Aman, and has production facility of a total built-up area of 448,267 square feet to support our manufacturing activities.

As part of our commitment towards quality and safety of our products in accordance to the industry standards, we hold accreditations and certifications from various organisations such as TÜV SÜD, UL Solutions, SIRIM, Energy Commission of Malaysia, and Fire and Rescue Department Malaysia. Additionally, our products have certificate of product acceptance from Tenaga Nasional Berhad ("TNB") and comply to either Malaysian Standards, International Electrotechnical Commission standards or British Standards.

Furthermore, we have established a loyal customer base from various industries, with notable customers including major public utilities and telecommunication providers such as TNB and Telekom Malaysia Berhad ("Telekom").

To meet our customers' requirements and specifications, we are capable of manufacturing a wide range of cables and wires that can meet industry standards:

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

○ Power cables and wires

We manufacture power cables and wires that accommodate electrical transmission from 300 Volts up to 132 Kilovolts, which are used by various sectors such as power utility, transportation, renewable energy, petrochemical plants, and other factories or operations that require direct supply of electricity for its operations.

Our power cables and wires are used in electrical systems to distribute and transmit power, and are found in overhead and underground power distribution networks, as well as for internal wiring within buildings.

We are a registered supplier with TNB, Sabah Electricity Sdn. Bhd., Sarawak Energy Berhad, and PETRONAS; in addition to being a TÜV SÜD certified supplier of low voltage solar photovoltaic (PV) power cables. We are also registered with the Construction Industry Development Board of Malaysia (CIDB) under category G7 since 2016, which allows us to bid for projects of any amount in Malaysia.

○ Communications cables and wires

Our communications cables and wires including telephone cables, coaxial cables, and alarm cables, are mainly supplied to the telecommunications industry. Additionally, our products are used in communications equipment, network devices and electronic devices to transmit data such as text, sound, and images.

We are a registered supplier with Telekom.

○ Control and instrumentation cables and wires

In addition, we manufacture control and instrumentation cables and wires that are primarily used for controlling and automating processes, by obtaining and transmitting data and communications among various devices. These cables and wires are used to connect machinery, equipment, instruments, and process control systems.

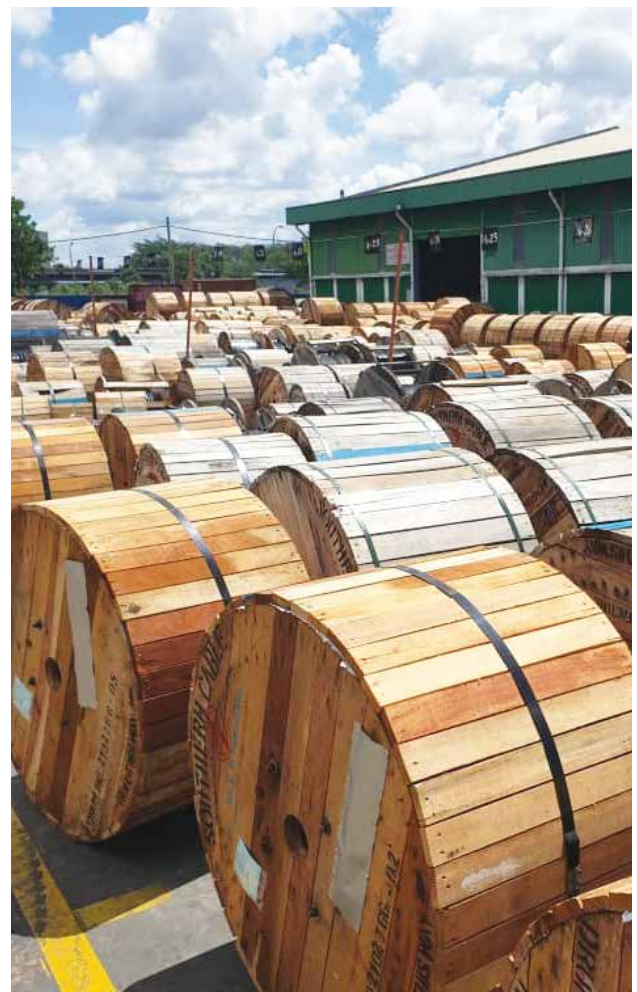
All manufacturing and processing industries that are automated as well as modern buildings, amenities, and infrastructures use control and instrumentation cables and wires. Among others, they include power generation, oil and gas, petrochemical and chemical plants, as well as oil and gas platforms and marine vessels.

2) Related products and services

Our related products and services complement our cables and wires manufacturing business. This includes the sales of copper and aluminium rods, plastic compounds and wooden cable drums. We also engage in trading of cables and wires, copper strips as well as the supply of electrical devices and accessories such as rectifier systems for the telecommunication sector.

Furthermore, our manufacturing facility is integrated with key supporting activities such as furnace and continuous casting for producing copper and aluminium rods, and manufacturing of plastic compound and wooden cable drums.

These supporting activities enable us to control the quality of our material input and process efficiency, contributing towards effective management of our manufacturing costs of our cables and wires, as well as minimising potential interruptions on the manufacturing process to ensure timely delivery to our customers.



MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

1) Furnace and continuous casting

At SCSB's existing facility, we have two electric furnaces and one gas-fired furnace used to produce copper and aluminium rods that serve as core materials for transmitting medium in our cables and wires.

2) Plastic compounding

We also provide processes for insulation, bedding and sheathing layers for our cables and wires.

Nextol Polymer Sdn. Bhd., a wholly-owned subsidiary of Southern Cable, located in Sungai Petani, Kedah Darul Aman, is involved in the manufacturing of plastic compounds such as Polyvinyl chloride (PVC) and Medium-density polyethylene (MDPE) compounds.

3) Wooden cable drum manufacturing

Daya Forwarding Sdn. Bhd., a wholly-owned subsidiary of Southern Cable, operates within SCSB's existing facility in Kuala Ketil, Kedah, and is involved in the manufacturing and trading of wooden cable drums used for coiling our cables and wires for storage and delivery to customers.

Overall, Southern Cable is capable of providing a full service from manufacturing to delivery of our cables and wires.

OPERATIONS REVIEW

Southern Cable demonstrated commendable performance in FYE2022, as not only did we record higher utilisation from operations but also won a substantial contract from TNB and purchase order from other customers including EPCC (engineering, procurement, construction, and commissioning) contractors, resellers and others. Additionally, we successfully entered the United States market to gradually grow our revenue from overseas.

○ Seeing a growing demand for cables and wires

The Group saw an increase in utilisation rate to 82% of our 33,780 km annual capacity in FYE2022 versus 73% in the previous year. The higher utilisation rate was attributed to higher production for ongoing contracts and orders, and improved workforce productivity supported by 49 new workers employed in FYE2022.

As at 31 December 2022, our orders in hand stood at RM578.4 million, which comprised of:

- Order book of RM292.1 million from long-term contracts. Our long-term contracts have a typical duration of more than 1 year, such as an ongoing contract to supply underground cables and conductors worth RM293.8 million to TNB from July 2022 to July 2023
- Unbilled purchase orders of RM286.3 million. Our purchase orders are typically short-term orders. In FYE2022, we registered a 28.6% growth in new purchase orders amounting to RM759.6 million compared to RM590.7 million in the previous year.

Our power cables and wires remained the highest revenue contributor, accounting for 85.5% or RM749.0 million of revenue in FYE2022, supported by demand from utility customers, EPCC contractors, resellers and others. The balance 14.5% or RM126.9 million contribution came from sales of communication cables and wires, control and instrumentation cables and wires, and related products and services.

○ Enhancing key supporting activities

In the first quarter of 2022, we completed enhancements to increase the annual production capacities of our copper and aluminium rods to 18,000 metric tons ("MT") respectively, a rise of 50% and 25% from 12,000 MT and 14,400 MT respectively.

This additional capacity will not only sustain the Group's cable and wire productions to meet our customers' demands and but also allow us to generate additional revenue by selling the rods to customers.

FINANCIAL OVERVIEW

Southern Cable delivered commendable results in FYE2022 as we ramp up productions to deliver our increased orders from customers.

○ Statements of Profit or Loss and Other Comprehensive Income

The Group saw revenue in FYE2022 increase by 32.7% to RM875.9 million versus RM659.9 million in the previous financial year ended 31 December 2021 ("FYE2021") on higher sales volume of power cables and wires, and aluminium rods, as well as adjusted selling prices in line with raw material prices.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

Segmentally, contribution from power cables and wires grew 30.8% to RM749.0 million from RM572.6 million previously. Likewise, sales of other related products and services increased 70.5% to RM100.5 million from RM59.0 million from a year ago, while revenue from control and instrumentation cables and wires rose 4.5% to RM15.3 million from RM14.7 million in FYE2021. These mitigated the lower revenue from communication cables and wires which decreased 19.2% to RM11.1 million from RM13.7 million a year ago.

Geographically, the Group's sales to domestic market made up 97.1% or RM850.2 million of FYE2022 revenue, seeing an increase of 32.6% from RM641.3 million a year ago. The rise in domestic revenue was driven by full commencement of nationwide projects in various sectors, including power, construction, and infrastructure. Meanwhile, sales to overseas market made up 2.9% or RM25.6 million of FYE2022 revenue, rising 37.4% from RM18.7 million previously, with sales mainly to Cambodia, Myanmar, Thailand and US, as international trade borders reopened.

Along with the higher revenue, the Group's profit before tax and net profit in FYE2022 climbed by 38.8% and 33.4% to RM19.9 million and RM14.5 million respectively, from RM14.3 million and RM10.9 million previously.

○ Statement of Financial Position

Southern Cable's financial position remains healthy, with total assets expanding 11.7% to RM570.5 million as at 31 December 2022 from RM510.7 million a year ago, on higher investment in new machineries, inventories, current tax assets and trade and other receivables.

Total liabilities increased 19.9% to RM282.7 million as at 31 December 2022, from RM235.7 million a year ago, mainly due to higher loans and borrowings for working capital purposes to ensure fulfilment of orders to customers.

Shareholders' equity climbed 4.7% to RM287.8 million from RM275.0 million previously on higher retained earnings.

Our net gearing ratio stood at 0.68 times as at 31 December 2022 in comparison to 0.48 in FYE2021, as we increased borrowing to support our working capital. The Group remains comfortable at current net gearing levels and will be working towards reducing it.

RISKS

○ Economic risks and geopolitical conflicts

The demand of the Group's cables and wires can be impacted by challenging and uncertain global economic scenarios, such as supply chain disruptions, change in government policies, slow down in national power and infrastructure development, as well as the international-level conflicts that may adversely affect global commodity prices significantly.

○ Supply and foreign exchange risks

The Group faces risks pertaining to availability and price fluctuation of raw materials including copper, aluminium, resin, and sawn timber. Additionally, imports of raw materials are subject to foreign exchange translation risks.

○ Labour supply risks

The availability of manpower can impact our overall manufacturing output. A decrease in foreign labour supply in Malaysia could affect our operation efficiency, resulting a lower utilisation rate in producing cables and wires. This is because more than 40% of the Group's workers in the manufacturing division are foreign labour.

○ Contract risks

Any delays or cancellation or reduction in the contract value of our orders secured or failure by the customer to raise any purchase orders, would also affect our future financial performance, cash flow position and profitability.

○ Technological changes

The rapid advent of disruptive technologies may potentially bring about substantial changes in our cable and wire manufacturing processes. Any delay or failure to adopt new technologies and/or may affect our product development and production capabilities, or overall competitiveness in the sector.



MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

GROWTH STRATEGIES

Southern Cable remains committed to growing our business for the long-term, by undertaking the following strategies:

○ Expanding production capacities

We will continue to expand our production capacities in 2023, so that Southern Cable can meet the growing demand for our cables and wires.

To date, we have completed the foundation works for our new cable and wire manufacturing facility on Lot 38, and we will be progressing to the building phase in the second half of 2023 after securing approval from local authorities.

The new factory, located adjacent to SCSB's existing facility in Kuala Ketil, Kedah will provide an additional 5,000 kilometres ("km") of annual capacity, producing cables and wire for power, and control and instrumentation. We will also be installing a new production line at our existing factory for an extra 2,000 km of annual capacity to produce power cables and wires. Overall, our total annual capacity would increase by 21% to 40,780 km in 2024, from 33,780 km previously.

We also expect to begin construction works for our plastic compounding factory on PT 4845 with 4,200 MT capacity in the second half of 2023. PT 4845 will produce new range of plastic compounds including Polyolefin, Polyethylene, and Cross-Linked Polyethylene, which will not only increase our plastic insulation option for customers but also help reduce cost. This new factory is targeted to complete in the first half of 2024, and will increase our annual plastic compounding capacity to 12,000 MT from 7,800 MT.

○ Increase sales to the US market

We are progressively making headway on our exports to the United States ("US"), so that the Group's revenue from overseas can grow and secure a sustainable stream for the long-term. Southern Cable has received positive feedback from our trial orders delivered to the US-based cable and wire distributor.

In FYE2022, the Group has delivered RM3.0 million worth of XHHW-2 cables to the distributor. Moving forward, we will work towards steadily increasing our delivery commitment to the distributor.

Additionally, the Group secured a new UL certificate for various types of heat- and water-resistant cables, which recognizes our compliance to industry standards and enables us to market our products to the US market.

We will be regularly communicating with the distributor to develop new type of cables and wires. Currently, the Group is developing and applying UL certificates for various type of building cables used for power distribution and transmission in buildings.

Apart from growing our overseas revenue, the Group not only views this as an opportunity to learn about the US market and its industry requirements, but also demonstrates our capabilities in producing international standard cables and wires to increase our product range and serve more customers in the future. We hope to establish our brand in the US and gradually expand our customer base for long-term growth.

APPRECIATION

We wish to thank the Board of Directors, management team and our employees for putting your efforts and commitment towards Southern Cable's improved performance during the challenging landscape.

I would also like to express my appreciation to our valued shareholders for trusting us. Your confidence inspires us to continue focusing on our plans for long-term growth.

Mr. Tung Eng Hai
Managing Director



SUSTAINABILITY STATEMENT

The measures outlined in this Sustainability Statement represent the Group's efforts to instil good practices across our operations, aimed at preserving the natural environment, bringing greater good to the community, and delivering financial profits.



SUSTAINABILITY STATEMENT

Cont'd

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

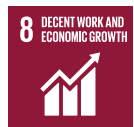
Our sustainability pursuits are modelled upon the United Nations (“UN”) Sustainable Development Goals (“SDGs”), which are part of the UN Member States 2030 Agenda for Sustainable Development.

We are cognizant of the importance of the 17 SDGs towards achieving a sustainable future for the world and have aligned our operations to support this global effort.

The Group has identified six out of 17 UN SDGs to align our goals, and we pursue the following:



- Attaining economic contributions through sound business practices, operational innovation, and value creation



- Adopting green solutions in our operations to support a greener world



- Promoting employee welfare, diversity, as well as a safe and rewarding work environment

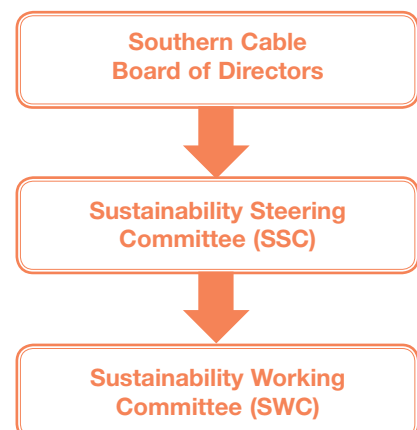


GOVERNANCE STRUCTURE

The sustainability governance structure combines leadership, growth strategies, and management controls as a guiding force towards implementing sustainability principles across our business and operations.

The Board of Directors (the “Board”) provides strategic direction for the Group and considers its commitment towards a sustainability framework based on economic, environmental and social (“EES”) pillars. The Board, with the support of the Sustainability Steering Committee (“SSC”), oversees the Group’s sustainability matters and performance. The SSC comprises senior management members and a Board representative.

The Sustainability Working Committee (“SWC”), under the purview of the SSC, implements sustainability initiatives across the Group. Members of the SWC comprise management representatives.



SUSTAINABILITY STATEMENT

Cont'd

STAKEHOLDER ENGAGEMENT

We engage with stakeholders to understand their needs and to guide the formulation of sound business strategies, that not only contribute to the success of the Group but are also beneficial to our stakeholders.

The common stakeholders we engage with, and the material sustainability matters relevant to them are identified below:

Stakeholder	Material Issues	Engagement	Frequency
Employees 	<ul style="list-style-type: none"> • Career development • Equal opportunity • Occupational health and safety 	<ul style="list-style-type: none"> • Training programmes • Educational programmes • Safety inspections 	<ul style="list-style-type: none"> • Monthly/As needed • Monthly/As needed • Monthly
Customers 	<ul style="list-style-type: none"> • Product quality • Timely delivery 	<ul style="list-style-type: none"> • Satisfaction surveys 	<ul style="list-style-type: none"> • Quarterly/As needed
Vendors/Suppliers 	<ul style="list-style-type: none"> • Competitive pricing • Reliability 	<ul style="list-style-type: none"> • Supplier assessment 	<ul style="list-style-type: none"> • Annual/As needed
Regulators/Certification Bodies 	<ul style="list-style-type: none"> • Corporate governance • Regulatory compliance • Certifications 	<ul style="list-style-type: none"> • Audits • Site visits 	<ul style="list-style-type: none"> • Monthly/As needed
Local Communities 	<ul style="list-style-type: none"> • Social development • Employment opportunities 	<ul style="list-style-type: none"> • Community events • Charity 	<ul style="list-style-type: none"> • Quarterly/As needed
Shareholders 	<ul style="list-style-type: none"> • Corporate developments • Financial performance • Growth plans 	<ul style="list-style-type: none"> • Annual Report • Annual General Meeting • Fund/analyst briefing • Investor relations website 	<ul style="list-style-type: none"> • Annual • Annual • Quarterly/As needed • As needed
Media 	<ul style="list-style-type: none"> • Corporate reputation • Corporate news 	<ul style="list-style-type: none"> • Interviews • Press releases 	<ul style="list-style-type: none"> • Quarterly/As needed

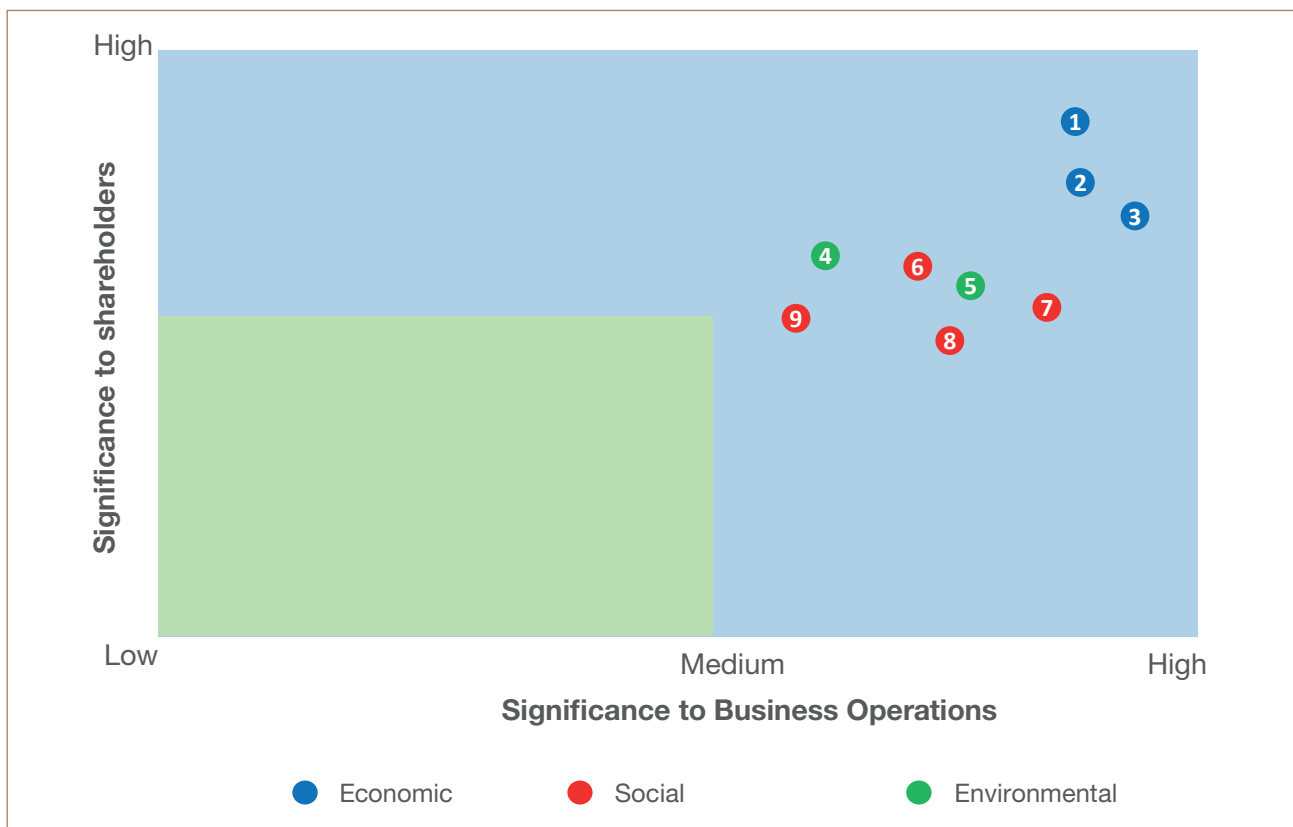
SUSTAINABILITY STATEMENT

Cont'd

MATERIALITY ASSESSMENT

The SSC and SWC identified 9 key material issues that can be categorised under the EES pillars. We strive to pursue continuous improvements in the identified areas in accordance with the principles of the UN SDGs.

Sustainability Materiality Matrix



Legend

- | | |
|---|-----------------------------------|
| 1 Economic Performance | 6 Diversity and Equal Opportunity |
| 2 Quality Products | 7 Occupational Health and Safety |
| 3 Supply Chain | 8 Employee Development |
| 4 Environmental Compliance and Management | 9 Community Development |
| 5 Energy Consumption | |

SUSTAINABILITY STATEMENT

Cont'd

ALIGNMENT TO SDGs

No.	Material Sustainability Matters	Relevant Stakeholders	Relevant SDGs
ECONOMY			
1	Economic Performance	Employees, Shareholders	
2	Quality Products	Customers	
3	Supply Chain	Vendors, Suppliers	
ENVIRONMENT			
4	Environmental Compliance and Management	Regulators, Community	 
5	Energy Consumption	Regulators, Community	 
SOCIAL			
6	Diversity and Equal Opportunity	Employees	
7	Occupational Health and Safety	Employees	
8	Employee Development	Employees	
9	Community Development	Community	 

SUSTAINABILITY STATEMENT

Cont'd

ECONOMY

Economic Performance

Southern Cable is committed towards supporting sustainable economic growth and creating value for our shareholders.

Our revenue in the financial year ended 31 December 2022 ("FYE2022") rose 32.7% year-on-year to RM875.9 million on higher sales volume of power cables and wires, and aluminium rods, as well as adjusted selling prices in line with raw material prices.

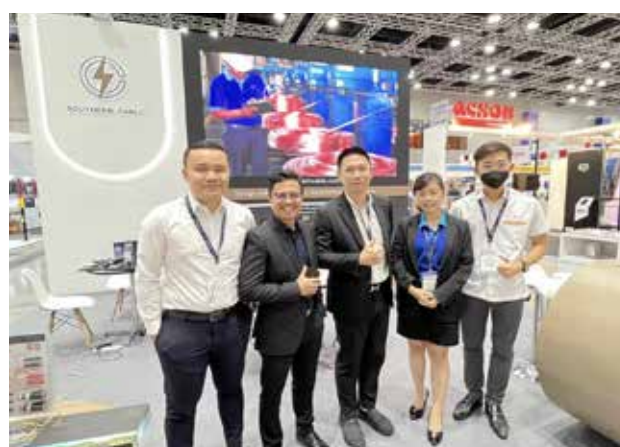
In respect of FYE2022, we proposed a final dividend of 0.28 sen per share, with dividend payout amounting to RM2.2 million or 15.4% of FYE2022 net profit. This is in line with our dividend policy to distribute at least 15% of net profit attributable to shareholders.

The Group remained committed in growing the Southern Cable brand by participating in local and international roadshows and exhibitions to expand our customer base. In FYE2022, we participated in total 9 events, namely:

Events	Location	Month/Year
ENGINEER & MARVEX 2022	Kuala Lumpur, Malaysia	March 2022
Kelab Sukan & Kebajikan JKR Elektrik Kedah	Kedah, Malaysia	July 2022
Kontraktor-kontraktor Elektrik Negeri Perlis	Perlis, Malaysia	August 2022
5th Indonesia Marine & Offshore Expo 2022	Kota Batam, Indonesia	August 2022
SMART NATION EXPO 2022	Kuala Lumpur, Malaysia	September 2022
Oil and Gas Asia 2022	Kuala Lumpur, Malaysia	September 2022
Electric Vehicle Indonesia 2022	Jakarta, Indonesia	October 2022
Powerex Asia - Oil & Gas 2022	Bangkok, Thailand	November 2022
ASEAN M&E Show	Kuala Lumpur, Malaysia	November 2022



ENGINEER & MARVEX 2022



ASEAN M&E SHOW

SUSTAINABILITY STATEMENT

Cont'd



POWEREX ASIA - OIL & GAS 2022



ELECTRIC VEHICLE INDONESIA 2022

The Group will continue to look for opportunities to enhance our growth, so that we can create long-term value for the business and to our shareholders.

Governance & Ethics

Southern Cable adheres to high standards of corporate governance. We ensure compliance to professional conduct and ethics, local and international laws, regulations, as well as industry policies and practices.

- **Anti-Bribery and Corruption Policy & Procedures**

The Group has strict policies against bribery and corruption which will not be tolerated.

If a person becomes aware of any actual or suspected violations of applicable laws or the Group's Anti-Bribery and Corruption Policy & Procedures, they are required to report it promptly using designated reporting channels and guidelines outlined in the Group's Whistleblowing Policy.

This policy apply to all individuals employed by or associated with the Group, including staff, officers, directors, employees, contractors, temporary workers, and interns. This policy also apply to agents, suppliers, business partners, resellers, distributors, contractors, and any other intermediaries acting on behalf or representing Southern Cable. All activities carried out on behalf of the Group must comply with this policy, irrespective of local laws or cultural practices.

The Group's Anti-Bribery and Corruption Policy & Procedures as well as Whistleblowing Policy are made available on our corporate website at:

<https://southerncable.investor.net.my/corporate-governance-and-charters/>

Quality Products

We emphasise on the quality, safety, and reliability of our products, as they play an essential role in enabling our customers' operations.

To ensure our products meet high quality standards, we conduct strict quality control assessments in our manufacturing processes. The control assessments involve inspection and examination of input materials, in-process quality control of semi-finished products, and quality inspection and testing of final products.

Our cables and wires are produced according to industry standards such as Malaysian Standards (MS), International Electrotechnical Commission standards (IEC), and British Standards. We are also ISO 9001:2015 accredited for quality management systems and hold certificate of product acceptance from key customers such as Tenaga Nasional Berhad.

In adherence to industry specific regulations and technical requirements, we possess a broad range of certifications, accreditations, and approvals. These include SIRIM, TÜV SÜD, UL Solutions, Fire and Rescue Department of Malaysia (Bomba), and Energy Commission of Malaysia.

SUSTAINABILITY STATEMENT

Cont'd

In FYE2022, Southern Cable secured a new UL certificate for various types of heat- and water-resistant cables, which recognizes our compliance to industry standards and enables us to market our products to the United States ("US") market. The Group is also applying UL certification for new types of building cables and aims to commence trial deliveries to our US-based customer in the second half of 2023.

Supply Chain

We strive for high operational uptime and consistent timely delivery to our customers. Additionally, maintaining the reliability and efficiency of our supply chain is necessary to mitigate potential risks of flaws and failures in our cables and wires. Therefore, we require our suppliers to comply with comprehensive procurement policies.

In FYE2022, the Group's supply chain did not face disruptions from geopolitical tensions in Europe, as our international suppliers are mainly located in the Southeast Asia region and Australia.

However, we experienced industry wide shortage of foreign workers in Malaysia, which affected productivity at the beginning of the year. Nevertheless, the Group achieved higher utilisation rate of 82% in FYE2022, from 73% previously, supported by new workers employed in FYE2022 which improved manufacturing productivity.

We did not face any quality issues from input materials and in our final products.

ENVIRONMENT

Environmental Compliance and Management

We adopt an Environmental Monitoring System (EMS) and conduct daily monitoring activities to ensure our operations are compliant with environmental protection standards. Furthermore, safeguarding the health of communities around us is our priority. Hence, we enforce strict measures to protect air and water quality from deterioration.

We also ascertain the particulate matter (PM) emissions from our furnace and plastic compounding facility remain within government mandated emission standards. By using natural gas and electricity to operate our furnaces, we can minimise our carbon emissions. Besides that, our workers are required to wear industrial grade protective masks when working with machines that produce hazardous emissions.

Moreover, we comply with the Environmental Quality (Scheduled Wastes) Regulations 2005, and employ safe disposal measures for the scheduled wastes generated from our furnaces when melting copper and aluminium. We employ the services of contractors licensed by the Department of Environment, Malaysia to collect and dispose scheduled wastes such as:

- SW 104: Aluminium dross
- SW 204: Copper/Aluminium Sludges
- SW 206: Spent Inorganic Acid
- SW 305: Spent Waste Oil
- SW 306: Spent Hydraulic Oil
- SW 307: Spent Mineral Oil-Water Emulsion
- SW 409: Disposed Container & Drums
- SW 410: Used rags

We conduct Scheduled Waste programmes to educate our operations managers, supervisors, and workers on standard operating procedures. This is aimed at enhancing employees' awareness on the importance of careful management of scheduled wastes.

Additionally, we completed the ISO14001:2015 Environment Management Systems training in FYE2022. We are implementing new operating practices and are working towards ISO14001:2015 accreditation.

SUSTAINABILITY STATEMENT

Cont'd

We take proactive measures to minimize non-scheduled production wastes. We have achieved wastage reduction by converting some of the metal scrap generated during our production processes into filler components for medium voltage cables. Furthermore, we use materials that comply with the Restriction of Hazardous Substances (RoHS).

We are pleased to note that our operations recorded no adverse environmental incidents in FYE2022. The Group will continue to emphasise strict compliance to environmental management practices.

Energy Consumption

To alleviate the impact of global climate change, a key priority is to manage the efficiency of electricity consumption. Therefore, our employees practice energy saving habits within the company by preventing non-discriminatory use of air-conditioning and lighting.

In FYE2022, our cable and wire production facility consumed a total of 21,687.4 megawatt-hour ("MWh") of electricity, versus 20,920.4 MWh in the previous year. The higher electricity consumption was in line with the increased annual output of 27,765 km of cables and wires produced in FYE2022, from 24,730 km previously.

In FYE2022, the greenhouse gas ("GHG") emissions from the electricity consumption of our cable and wire facility are estimated at 12,687.1 tonnes of carbon dioxide equivalent ("tCO₂e") in comparison to 12,238.4 tCO₂e in the previous year.

On our production efficiency, we consumed less electricity at a rate of 781 kilowatt-hour ("kWh") per kilometre ("km") of cables and wires produced in FYE2022, compared to 846 kWh per km a year ago. The improvement was attributed to the full attendance of our workforce which minimized production disruptions, as compared to a workforce capacity of 60% in 2021 due to Movement Control Order restrictions.

The Group uses a solar photovoltaic ("PV") rooftop system with capacity of 4.9 GWh. The solar PV system allows us to reduce up to 3.3 kiloton ("kt") of carbon emissions annually. In FYE2022, the solar PV rooftop generated 1.5 GWh of electricity, representing a reduction of 1.5 kt in carbon emissions.

The Group will continue to implement targeted initiatives and look to invest in equipment and systems that can help reduce our environmental impact.



SOCIAL

Occupational Health and Safety

The Group takes priority in upholding the health and safety of our employees. Our operating environment involves high temperature conditions, and risk of accidents and associated injuries when handling manufacturing equipment or manufacturing processes.

Therefore, we implement comprehensive safety procedures and training programmes to educate and safeguard our employees. On average, our employees in the manufacturing operations participated in 7 hours of health and safety-related workshops and/or training programmes in FYE2022. Our employees are also granted insurance policies for accidents and medical needs, with a coverage of up to RM30,000 per person.

SUSTAINABILITY STATEMENT

Cont'd

Selected employee safety trainings in FYE2022

Programme	Month/Year
Safety Induction for New Employee	Multiple times in 2022
First Aid Training	June 2022
Chemical Spillage Safety Training	June 2022
Radiation Safety Course	January & August 2022
Fire Safety Training	November 2022
Machine Maintenance Safety Course	December 2022
Safety and Health Awareness Training	December 2022

We also installed a lifting bucket system that enhances employee safety, through automating the insertion of aluminium ingots into the furnace.

In FYE2022, there were zero recorded fatalities, and 23 minor incidents tracked and remediated.

Our operations follow relevant regulations through compliance practices such as Noise Risk Assessment, Audiometric Testing, Chemical Health Risk Assessment (CHRA), Chemical Exposure Monitoring (CEM), Ear Examination and others.

We continue to conduct classes to educate our employees on good health and hygiene practices, as well as ensure newly hired foreign workers are vaccinated and medically checked. We also encourage our employees to maintain habit of wearing a protective mask to minimize the spread of potential respiratory diseases like Covid-19.



Diversity and Equal Opportunity

The Group is against any forms of discrimination and prioritises equality regardless of gender, age, race, ethnicity, and religion, as we trust in the importance of diversity in the workplace and emphasise equal opportunities for all employees.

As at FYE2022, we have a total of 677 employees, of which 87.6% identified as men while 12.4% identified as women. The higher percentage of men in our workforce is attributable to the nature of tasks in our manufacturing environment. The Group recognises the importance of gender diversity by providing more career opportunities to women in our hiring policies and practices.

In terms of breakdown by role, as at 31 December 2022, the number of senior management made up 1.9% of the Group's workforce, managerial roles constituted 4.7%, executives at 7.1% and technical personnel at 3.4%. Non-executives made up the balance 82.9%.

Our employees are encouraged to report incidents of discrimination to the human resource department. To ensure the reported incidents can be thoroughly investigated and remediated, the identities of our reporting employees are protected.

SUSTAINABILITY STATEMENT

Cont'd

Employee Development, Education and Appreciation

The Group encourages learning and upskilling by providing opportunities to our employees through training, education, and skill development. Our goal is to create a work atmosphere that encourages professional development of employees and enhances their job satisfaction.

In FYE2022, 376 employees across the management, executive and manufacturing operations functions took part in an average of 7 hours of training per employee.

Selected employee education and trainings in FYE2022

Programme	Month/Year
Anti Bribery Management System & Adequate Procedures	January 2022
Internal Audit Training ISO 14001:2015 and ISO 45001:2018	March 2022
Strategy Management	May 2022
Top & Common Transfer Pricing Issues for Manufacturers	July 2022
FMM Seminar on Pandemic Risk Management & Latest Update from FOMEMA	October 2022
ELCOMP Innovation Seminar	November 2022

Additionally, we recognise the efforts of our employees in the Group's journey.

In FYE2022, we awarded our loyal employees the Group Long Service Award 2022 for their commitment to the Group, through monetary awards of RM35,500 distributed to 24 employees based on their performance and years of services.

The Group also conducts sport activities for employees from internal departments to foster trust and relationship with each other.

Community Development

The Group acknowledges the significance of contributing to the local community by engaging in a variety of Corporate Social Responsibility ("CSR") initiatives, as well as supporting education, sports, and community development endeavours.



Selected CSR activities in FYE2022

Activity	Sponsored	Month/Year
Donation to Jawatankuasa Pengurusan Perkhidmatan Bomba Sukarela Kuala Ketil	RM1,200.00	January - December 2022
Donation to Jawatankuasa Pengurusan Perkhidmatan Bomba Sukarela Kuala Ketil	RM2,000.00	April 2022
Donation to the Perak Electric Association	RM2,000.00	June 2022
Donation to Ex-Police Association of Malaysia	RM1,500.00	June 2022
Program Kempen Keluarga Malaysia Bebas Dadah 2022	RM2,500.00	July 2022
Sponsor E.H.A.D.A 19th Annual Dinner	RM1,000.00	August 2022

SUSTAINABILITY STATEMENT

Cont'd

The Group also provided financial assistance to two employees whose homes were damaged by the flood in Baling, Kedah, that occurred in July 2022.



We will continue to engage with the public through our CSR activities.

CONCLUSION

Southern Cable is committed to integrating sustainability measures while striving for growth to bring greater value to our stakeholders.

As we pursue operational and financial excellence, we also aim to uplift the communities we serve and contribute to the nation's development goals with our cables and wires.

DIRECTORS' PROFILE

RIZVI BIN ABD HALIM

Independent Non-Executive Chairman

Encik Rizvi Bin Abd Halim, a Malaysian, male, aged 54, is our Independent Non-Executive Chairman. He was appointed to our Board on 28 May 2019. He is also a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee respectively.

He obtained his Diploma in Hotel and Catering Management from Institut Teknologi MARA ("MARa") in 1990. During his time in MARa, he underwent the Reserve Officer Training Unit (ROTU) programme where he was commissioned as a second lieutenant army officer. In 1992, he graduated from Indiana State University, United States of America with a Degree of Bachelor of Science in Business Administration. In 1995, he also obtained his Master of Business Administration from Ohio University, United States of America.

He brings with him over 26 years of experience in corporate board, corporate finance, corporate banking, capital market and syndication and capital market regulations.

He began his career in Bank Bumiputra Malaysia Berhad (now part of CIMB Bank Berhad) as an Account Manager in the Corporate Banking Department from January 1995 to December 1996. From January 1997 to March 2000, he joined Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) as an Assistant Manager in the Capital Markets and Syndications Department. Subsequently in April 2000, he joined the Securities Commission of Malaysia ("SC") as a Senior Executive in the Equities-Corporate Finance Department. He left the SC as a Senior Manager in March 2012.

In October 2014, he was appointed as an Independent Non-Executive Director of Ni Hsin Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He was subsequently re-designated as an Independent Non-Executive Chairman on 1 March 2017. On 22 November 2017, he was further re-designated as an Executive Director, a position he holds to date. His responsibility as an Executive Director includes overlooking the company's food and beverage service and EV bike assembly divisions.

Other than the directorship as disclosed above, he does not hold any other directorship in other public company or listed issuer in Malaysia. He has attended all four (4) Board Meetings held during the financial year ended 31 December 2022 ("FYE2022").

TUNG ENG HAI

Managing Director

Mr. Tung Eng Hai, a Malaysian, male, aged 64, is our Managing Director, appointed to our Board on 4 April 2019. He is responsible for overseeing the strategic business planning, development and operations of our Group, which includes setting our Group's direction, formulating corporate development plan and driving our business growth. In addition, he is also involved in overseeing the daily on-site operations and operational related matters.

He completed the Senior Three Electronics Course in Han Chiang High School, Pulau Pinang in 1978.

He began his career with Leader Cable Industry Sdn. Bhd. (now known as Leader Cable Industry Berhad) ("Leader Cable") in October 1978 as a Production Planning Clerk cum Personnel Clerk, subsequently, he was promoted to Deputy Factory Manager in January 1989. Subsequently in July 1991, he was transferred to Universal Cable (M) Berhad as Deputy General Manager.

In August 1994, he was transferred to Leader Universal Holdings Berhad ("Leader Universal") as a Product Development and Planning Director and in June 2001, he was transferred back to Leader Cable as a Senior Director until June 2002. He subsequently took a career break from July 2002 to September 2003.

In October 2003, he joined our Group as a General Manager where he assumed the overall responsibility of the technical and plant operations management. He subsequently took over the business of Southern Cable Sdn. Bhd. and in September 2010, he assumed the role of Technical Advisor where he was primarily responsible for providing technical advisory as well as managing the overall operational activities of our Group.

In October 2016, he assumed his current position as our Managing Director. He is responsible for the overall performance of our Group. He brings with him approximately 44 years of working experience in the cable and wire industry.

He holds directorships in several private limited companies. He does not hold any directorship in other public companies and listed issuers in Malaysia. He has attended all four (4) Board Meetings held during the FYE2022.

DIRECTORS' PROFILE

Cont'd

WONG MENG KEE

Executive Director

Mr. Wong Meng Kee, a Malaysian, male, aged 63, is our Executive Director. He was appointed to our Board on 4 April 2019. He is responsible for the overall business management and administration of our Group.

He graduated with a Secondary School Honour Graduation Diploma from St. Columba College, Canada in 1981 and a Diploma in Business Administration (Hons) from The Toronto School of Business, Canada in 1986.

He began his career in 1987 in a sole proprietary outfit, namely Wong Hong Fong, his family trading business such as aluminium milling hardware and round bar where he was responsible to oversee the operation of the business.

He was appointed as a Director of Southern Cable Sdn. Bhd. ("Southern") in August 2001. He also joined Daya Tembaga Sdn. Bhd. in October 2001 as an Operation Manager, a company involved in trading, recycling and reclaimed metals. Subsequently, he was appointed as a Director of Daya Tembaga Sdn. Bhd. in January 2002. As a Director of Daya Tembaga Sdn. Bhd., he was in charge of the overall business of the company including strategic formulating, operational decisions making and ensuring that the company meets its business targets. He resigned as a Director of Daya Tembaga Sdn. Bhd. in March 2003.

As a Director of Southern, he was responsible to oversee the business operations of Southern. He assumed his current position as Executive Director of our Company in April 2019.

He brings with him approximately 36 years of working experience in business management.

He holds directorships in several private limited companies. He does not hold any directorship in other public companies and listed issuers in Malaysia. He has attended all four (4) Board Meetings held during the FYE2022.

WONG KAR WAI

Non-Independent Non-Executive Director

Mr. Wong Kar Wai, a Malaysian, male, aged 58, is our Non-Independent Non-Executive Director. He was appointed to our Board on 28 May 2019 and is a member of the Audit and Risk Management Committee.

He qualified as a management accountant with The Chartered Institute of Management Accountants, United Kingdom in 1994, Chartered Financial Consultant (Malaysia) admitted by The Malaysian Insurance Institute and The American College since 2003. In year 2004, he was certified as a Registered Financial Planner by the Malaysian Financial Planning Council. He is also a certified Estate Planning Practitioner by Rockwills Corporation Sdn. Bhd. and Estate Planning Practitioners Limited (Singapore), in collaboration with The Society of Wills Writers & Estate Planning Practitioners (United Kingdom).

He has approximately 6 years of experience in the banking industry and approximately 21 years of experience in the insurance industry.

He started his career with Ban Hin Lee Bank Berhad (now part of CIMB Bank Berhad) in January 1985 as a Trade Finance Clerk. From 1986 to 1990, he was involved in internal audit.

In January 1991, he joined Leader Cable Industry Sdn. Bhd. (now known as Leader Cable Industry Berhad) ("Leader Cable") as a Finance Officer. In January 1992, he was promoted as the Group Finance Manager of Leader Universal Holdings Berhad ("Leader Universal"), the holding company of Leader Cable. In February 2001, he left Leader Universal.

In April 2001, he joined Hong Leong Assurance Berhad ("HLA") in April 2001 as a life insurance agent and became the general insurance agent later in March 2006. Subsequently in April 2009, he became a general insurance agent for Overseas Assurance Corporation (Malaysia) Berhad (now known as Great Eastern General Insurance (Malaysia) Berhad). He is also a Member of Million Dollar Round Table (MDRT) since 1999, a trade association set up to help insurance brokers and financial advisors to establish best business practices and develop ethical and effective ways to increase client interest in financial products, specifically risk based products.

He does not hold any directorship in other public companies and listed issuers in Malaysia. He has attended all four (4) Board Meetings held during the FYE2022.

DIRECTORS' PROFILE

Cont'd

EUGENE LEE CHENG HOE

Independent Non-Executive Director

Mr. Eugene Lee Cheng Hoe, a Malaysian, male, aged 54, is our Independent Non-Executive Director. He was appointed to our Board on 28 May 2019 and is the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.

He obtained his Bachelor of Economics (majoring in Accounting) from Macquarie University, Sydney, Australia in 1992. He became a member of the Malaysian Institute of Accountants and a Certified Practising Accountant with CPA Australia since 1996. He is also a Registered Financial Planner under the Malaysian Financial Planning Council since 2014.

He has extensive corporate advisory experience, particularly in corporate strategy and planning and investment banking.

He began his career in March 1992 with Coopers & Lybrand (now known as PricewaterhouseCoopers) as a Tax Assistant and became Audit Semi Senior before he left in February 1995. He then joined Arab-Malaysian Merchant Bank Berhad (now known as AmlInvestment Bank Berhad) as an Executive in the Corporate Finance Division from February 1995 to 2004. In September 2004, he joined the Corporate Planning and Development Department in MISC Berhad as a Senior Manager and was thereafter promoted to General Manager in September 2006 before he left the company in June 2008. From July 2008 to March 2009, he was involved in strategy and corporate advisory services under Atreus Consulting, a sole proprietorship.

From April 2009 to February 2010, he assumed the role of Head, Financial Advisory, Strategic Advisory of Maybank Investment Bank Berhad ("MIBB") and Director/Executive Vice President of BinaFikir Sdn. Bhd., a subsidiary of MIBB. From March 2010 to October 2010, he assumed the role of Senior Manager, Corporate Affairs in HL Management Co Sdn. Bhd.

He is currently a Director of Atreus Consulting Sdn. Bhd., a private limited company, where he is involved in strategy and corporate advisory services.

He does not hold any directorship in other public companies or listed issuers in Malaysia. He has attended all four (4) Board Meetings held during the FYE2022.

DAPHNE CHOY GAIK CHOO

Independent Non-Executive Director

Ms. Daphne Choy Gaik Choo, a Malaysian, female, aged 59, is our Independent Non-Executive Director. She was appointed to our Board on 28 May 2019. She is also the Chairperson of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.

She obtained her Bachelor of Arts degree in 1990 and Bachelor of Laws degree in 1992 from the University of New South Wales, Australia. She was admitted to the High Court of Malaya as an Advocate and Solicitor in 1993. She is a mediator registered under the Malaysian Mediation Centre, a member of The Chartered Institute of Arbitrators and an Adjudicator registered with the Asian International Arbitration Centre.

She has approximately 30 years of experience in the legal profession. She began her legal career in 1993 as an associate in the litigation department of Messrs. Shearn Delamore & Co. where her main area of practice was civil litigation. She left the firm to set up her own practice, Choy & Associates in 1997. Her main area of practice is civil litigation.

She does not hold any directorship in other public companies and listed issuers in Malaysia. She has attended all four (4) Board Meetings held during the FYE2022.

Notes:-

- 1) None of the Directors have family relationship with other Directors or major shareholders except for the following:-
 - a) Mr. Tung Eng Hai is the spouse of Madam Ooi Gaik Bee and brother of Ms. Tung Cheng Im, the major shareholders of the Company.
 - b) Mr. Tung Eng Hai is the brother-in-law of Mr. Wong Meng Kee, a Director and major shareholder of the Company.
 - c) Mr. Wong Meng Kee is the spouse of Ms. Tung Cheng Im, a major shareholder of the Company and he is also brother-in-law of Mr. Tung Eng Hai, a Director and major shareholder of the Company.
- 2) None of the Directors have been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the FYE2022.
- 3) None of the Directors have any conflict of interests with the Company except as disclosed in Note 29 of the Financial Statements on page 117 of this Annual Report.

KEY SENIOR MANAGERMENTS' PROFILE

Ooi In Keong

Group General Manager

Mr. Ooi In Keong, a Malaysian, male, aged 51, is our Group General Manager. He is responsible for overseeing the overall operations of our Group.

He graduated with a Bachelor of Science in Electrical Engineering from St. Cloud State University, Minnesota, United States in 1998.

He began his career in May 1999 in Leader Universal Holdings Berhad ("Leader Universal"), an investment holding company in manufacturing and sale of telecommunication and power cables, as an Engineer (Plant Operation – Project) in the Project Department. In November 1999, he was transferred to Leader Cable Industry Sdn. Bhd. (now known as Leader Cable Industry Berhad) ("Leader Cable"), a wholly owned subsidiary of Leader Universal in which he was responsible for development and improvement of the overall production processes of power cables and telecommunication cables. In 2001, he was assigned to handle the operation for insulation and twinning process of telephone cables. In January 2003, he was promoted to Senior Engineer where he assumed the same roles and responsibilities.

He left Leader Cable in May 2005 to join our Group as a Senior Production Engineer and he was promoted to Production Manager in February 2009 and assumed additional responsibilities including overseeing the production of other products manufactured by the company such as low voltage and medium voltage cables. He was promoted to Senior Manager – Plant Operations in September 2010 and further promoted to Plant Operation General Manager in June 2015 where he was responsible for the overall plant operations of the Group including service and maintenance of the plant machineries, stores operation and production planning. He was also involved in our safety and health management.

In July 2017, he was promoted to Chief Operating Officer. He was subsequently re-designated to his present position as Group General Manager in April 2019 and brings with him approximately 24 years of experience in the cable and wire industry.

Song Swee Kim

Group Financial Controller

Ms. Song Swee Kim, a Malaysian, female, aged 57, is our Group Financial Controller. She is responsible for overseeing the overall group accounting, finance and taxation functions of our Group.

She graduated with a Bachelor of Accounting from University of Malaya in 1991. She is a member of the Malaysian Institute of Accountants since March 2007.

Her career started in May 1991 as an Audit Assistant in Lim, Tay & Company and she left Lim, Tay & Company in May 1992 to join Pharmed Malaysia Berhad in July 1992, a pharmaceutical manufacturer company. Her last position in the company was as an Assistant Manager where she was attached to the accounts department. She left Pharmed Malaysia Berhad in October 1995.

In early 1996, she joined Seputih Asas Sdn. Bhd., a trading company for hygiene products as an Accounts Manager. After her departure from Seputih Asas Sdn. Bhd., she joined Euromodal Industries Sdn Bhd in October 1997, a subcontractor company for sub-assembly of electronic products as an Accounts Manager and she left the company in April 1998 and took two (2) years career break.

In September 2000, she joined Advanced Sound Products Sdn. Bhd. (formerly known as Philips Sound Systems (M) Sdn. Bhd.), a company involved in manufacturing of electronic audio and video equipment as an Accounts Section Head and she was promoted to Assistant Manager of the Finance Department in July 2004. She left Advanced Sound Products Sdn. Bhd. in January 2009.

She joined Southern Cable Sdn. Bhd. in January 2009 as an Accountant where she was involved in the day-to-day accounting and taxation matters. She was subsequently promoted as the Finance Manager in January 2010 where she assumed additional responsibilities in financial operations as well as treasury functions. She was later promoted to the position of Senior Finance Manager in January 2012. She is responsible for overseeing the overall accounting, finance and taxation functions of Southern. She assumed her current position as Group Financial Controller of our Group since April 2019. She brings with her approximately 30 years of experience in accounting and finance related functions.

Notes:-

None of the Key Senior Management have:-

1. any directorship in public companies and listed companies;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company; and
4. been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the FYE2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Southern Cable Group Berhad ("Company") is pleased to present this Corporate Governance Overview Statement ("CG Statement") to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial year ended 31 December 2022 ("FYE2022"). This CG statement is also presented in compliance with Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This CG Statement provides a summary of the corporate governance practices of the Company during FYE2022 with reference to the following three (3) key principles of good corporate practices as set out in the Malaysian Code of Corporate Governance ("MCCG") which was further updated by Securities Commission Malaysia on 28 April 2021:

- (a) Principle A - Board leadership and effectiveness;
- (b) Principle B - Effective audit and risk management; and
- (c) Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Statement should be read together with the Corporate Governance Report ("CG Report") of the Company which provides detailed articulation on the application of each of the practices as set out in MCCG. The CG Report for the FYE2022 is available on the Company's corporate website at www.southerncable.com.my, as well as on Bursa Securities' website at www.bursamalaysia.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board and Board Committee

The Board is responsible for the performance and affairs of the Company and its subsidiaries ("Group"). The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advices, stewardship and directions on the management and business development of the Group. It then delegates the implementation and monitoring of these set directions and control systems to the management.

The Board is also responsible for ensuring that the Management maintains an effective system of governance and internal controls, which should provide assurance of effective and efficient operations, internal controls and compliance with the relevant laws and regulations.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter which outlines the duties and responsibilities of the Board. The Board also delegates certain responsibilities to the following Board Committees to assist in the execution of its responsibilities within their respective Terms of Reference ("TOR"):

- (a) Audit and Risk Management Committee ("ARMC"); and
- (b) Nomination and Remuneration Committee ("NRC").

Apart from the responsibility of the Board Committees, the Senior Management is also delegated with certain authority to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

The Board Charter and TOR of the respective committees are available on the Company's corporate website at www.southerncable.com.my.

1.2 The Chairman

The Board is led by an Independent Non-Executive Chairman who is supported by the Managing Director ("MD") and other Board members with experience in a wide range of expertise and they collectively play an important role in the stewardship of the direction and operations of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.

The Chairman does not assume the position of chairman of the Board Committees but as a member of the Board Committees. Nevertheless, The Chairman also does not chair these Board Committees. Through his participation and corporate experience, it is believed that the Board's objectivity in receiving or reviewing the committees' reports has not been diminished in any way.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART I – BOARD RESPONSIBILITIES *cont'd*

1.3 The Chairman and MD

The roles of the Chairman and the MD are distinct and separate to ensure there is a balance of power and authority to promote accountability so that no one individual has unfettered decision-making power.

The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The MD is accountable to the Board for the overall organisation, management, and staffing of the Group and for the procedures in financial and other matters, including conduct and discipline.

1.4 Qualified and Competent Company Secretary

The Board is supported by a competent and qualified Company Secretary who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as a qualified Company Secretary under Section 235(2) of the Companies Act 2016 ("Act"). She possesses over 29 years of experience in corporate secretarial practices.

The Company Secretary plays an important role in facilitating overall compliance with the Act, Listing Requirements and other relevant laws and regulations. The Company Secretary also assists the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensuring adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretary has been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep herself abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to her profession and enable her to provide the necessary advisory role to the Board.

The Board has direct access to the professional advice and services of the Company Secretary when performing their duties and discharging their responsibilities.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary and her team to the Board in the discharge of her duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

For matters which require the Board's decision on an urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART I – BOARD RESPONSIBILITIES *cont'd*

1.6 Board Charter

The Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and ensures that all the Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.

The Board Charter is available on the Company's corporate website at www.southerncable.com.my.

1.7 Code of Ethics and Conduct

The Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, management and employees of the Group is available on the Company's corporate website at www.southerncable.com.my.

The Board adhered strictly to the Code of Ethics and Conduct for the Directors, in discharging its oversight role effectively. The Code of Ethics and Conduct requires all Directors, management and employees of the Group to observe high ethical business standards and apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Board will review the Code of Ethics and Conduct from time to time to ensure that it continues to remain relevant and appropriate.

1.8 Whistle Blowing Policy

The Company had adopted a Whistle Blowing Policy to provide a defined avenue and accessible reporting channels for all employees of the Group to raise concerns or disclose any improper conduct within the Group.

The Whistle Blowing Policy is available on the Company's corporate website at www.southerncable.com.my.

1.9 Anti-Bribery and Corruption Policy and Procedures ("ABC Policy")

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"), the Company has put in place ABC Policy to encourage a culture of integrity and transparency in all of the Group's activities. This policy which adheres to the Listing Requirements of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for the Group, in observing and upholding the Group's position on bribery and corruption and provides key anti-bribery and corruption principles that apply to all interactions with the Group's customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

The ABC Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company. The ABC Policy is published on the Company's corporate website, www.southerncable.com.my.

1.10 Directors' Fit and Proper Policy

In line with the new Paragraph 15.01A of the Listing Requirements of Bursa Securities, the Board had on 23 May 2022 adopted the Directors' Fit and Proper Policy which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART I – BOARD RESPONSIBILITIES *cont'd*

1.10 Directors' Fit and Proper Policy *cont'd*

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is published on the Company's corporate website at www.southerncable.com.my.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

1.11 Sustainability Governance

The Board believes that sustainable business practices are essential to the creation of long-term value, and that responsibly running the business is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board had reviewed, revised and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that is critical to the Company's performance.

PART II – BOARD COMPOSITION

2.1 Composition and Board Balance

The current Board composition of the Company represents a mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship and responsibilities. The Board currently has six (6) members comprising the Independent Non-Executive Chairman, MD, one (1) Executive Director, two (2) Independent Non-Executive Directors ("Independent Directors") and one (1) Non-Independent Non-Executive Director.

The present composition of the Board complies with Paragraph 15.02 of the Listing Requirements and Practice 5.2 of the MCGG as half (50%) of the Board comprises Independent Directors.

The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

2.2 Tenure of Independent Directors

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCGG. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

2.2 Tenure of Independent Directors *cont'd*

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step up practice. However, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

During the FYE2022, none of our Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years. Further, based on the independence assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

2.3 Appointment of Board and Senior Management

The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management levels.

The NRC is responsible to lead the process for the nomination of a new candidate for appointment and making the necessary recommendations.

In line with the best practices of the MCCG and the gained attention of boardroom diversity as an important element of a well-functioned corporation, the Board shall through the NRC accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only gender but also age and ethnicity.

2.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management Team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Where and when appropriate, the Board, through the NRC, will prioritise the female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

In view of the gained attention of boardroom diversity as an important element of a well-functioned organisation, the Board had adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at the Board and Senior Management level.

The Board currently has one (1) female Director, namely Daphne Choy Gaik Choo which reflects the Board's commitment towards achieving a more gender diversified Board.

2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within a clearly defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

2.5 Board Committees *cont'd*

The Board has established two (2) Board Committees and the membership of each committee is set out in the table below:-

Composition	ARMC	NRC
Rizvi Bin Abd Halim (Independent Non-Executive Chairman)	Member	Member
Eugene Lee Cheng Hoe (Independent Non-Executive Director)	Chairman	Member
Daphne Choy Gaik Choo (Independent Non-Executive Director)	Member	Chairperson
Wong Kar Wai (Non-Independent Non-Executive Director)	Member	N/A

2.6 NRC

The NRC of the Company is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis.

The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

In searching for suitable candidates, the NRC may leverage on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the NRC also refers to the potential candidate from the industry taking into consideration their education, skills and experience background.

During the FYE2022, the following is the summary of activities undertaken by the NRC:-

- Reviewed and assessed the performance of all Directors of the Company.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC, the Board and the Board Committee as a whole.
- Reviewed and recommended to the Board the re-election of Directors who retired by rotation in accordance with the Company's Constitution.
- Reviewed and recommended to the Board the remuneration packages and directors' fees and/or benefits of all Directors of the Company.

2.7 Board Appointment and Re-appointment Process

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NRC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NRC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

2.7 Board Appointment and Re-appointment Process *cont'd*

In accordance with the Listing Requirements of Bursa Securities and the Company's Constitution, one-third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors shall retire from office at least once (1) in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution, and performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and continuation in office of any Director for shareholders' approval at the AGM.

2.8 Annual Assessment of Effectiveness of the Board and Board Committees as a whole

The NRC has a formal assessment criterion to assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director. The Board, through the annual review by the NRC on the size and composition of the Board, will determine if the Board has the right size and sufficient diversity with independent elements that befit the Company's objectives and strategic goals.

In evaluating the performance of Non-Executive Directors, the assessment comprises amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of Executive Directors, the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

2.9 Attendance of Board and Board Committees' Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FYE2022.

The attendance record of each Board member at the Board and Committees meetings held during the FYE2022 are as follows:-

Name of Directors	Type of Meetings	Board	ARMC	NRC
		No. of Meetings Attended		
Rizvi Bin Abd Halim		4/4	4/4	1/1
Tung Eng Hai		4/4	N/A	N/A
Wong Meng Kee		4/4	N/A	N/A
Wong Kar Wai		4/4	4/4	N/A
Eugene Lee Cheng Hoe		4/4	4/4	1/1
Daphne Choy Gaik Choo		4/4	4/4	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

2.10 Directors' Training

All Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The Directors have attended the following training programmes during the FYE2022:-

Name	Training attended
Rizvi Bin Abd Halim	<ul style="list-style-type: none"> Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments Amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework
Tung Eng Hai	<ul style="list-style-type: none"> Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments Amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework
Wong Meng Kee	<ul style="list-style-type: none"> Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments Amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework
Wong Kar Wai	<ul style="list-style-type: none"> Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments Amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework
Eugene Lee Cheng Hoe	<ul style="list-style-type: none"> Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments Amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework Financial Planning Association Malaysia (FPAM) - Annual Signature Financial Planning Symposium 2022 MFPC Virtual : My Money & Me 2022 MFPC - Virtual MFPC Professional & Ethics Forum 2022 MIA Webinar Series: Manipulating Data Effectively with Microsoft Excel 2013 (Level 1 & 2) MIA Webinar Series: Data Management with Pivot Table using Microsoft Excel 2013
Daphne Choy Gaik Choo	<ul style="list-style-type: none"> Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Director Appointment, Independence and Other Amendments TCFD 101: Getting started with Climate-Related Financial Reporting TCFD 102: Building experience in Climate-Related Financial Reporting Amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to Enhanced Sustainability Reporting Framework

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

2.10 Directors' Training *cont'd*

The Board would continuously evaluate and assess the training needs of each of the Directors to keep them abreast with the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

PART III – REMUNERATION

3.1 Remuneration Policy

The Board had through the NRC, established a formal and transparent Remuneration Policy as a guide for the Board and the NRC to determine the remuneration of Directors and/or Senior Management of the Company which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The Remuneration Policy is available on the Company's corporate website at www.southerncable.com.my.

The Board, assisted by the NRC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.

The Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

The annual Directors' fees and benefits payable to the Non-Executive Directors are endorsed by the Board for approval by the shareholders of the Company at the AGM.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

3.2 Remuneration of Directors and Senior Management

Details of the Directors' Remuneration (including benefits-in-kind) of each Director during the FYE2022 are as follows:

The Company

Name of Directors	RM'000						
	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Others emoluments	Total
Rizvi Bin Abd Halim	60	2	-	-	-	-	62
Tung Eng Hai	-	-	-	-	-	-	-
Wong Meng Kee	-	-	-	-	-	-	-
Wong Kar Wai	60	2	-	-	-	-	62
Eugene Lee Cheng Hoe	60	2	-	-	-	-	62
Daphne Choy Gaik Choo	60	2	-	-	-	-	62
TOTAL	240	8	-	-	-	-	248

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART III – REMUNERATION *cont'd*

3.2 Remuneration of Directors and Senior Management *cont'd*

The Group

Name of Directors	RM'000						
	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Others emoluments	Total
Rizvi Bin Abd Halim	60	2	-	-	-	-	62
Tung Eng Hai	-	-	1,260	158	16	218	1,652
Wong Meng Kee	-	-	312	39	4	39	394
Wong Kar Wai	60	2	-	-	-	-	62
Eugene Lee Cheng Hoe	60	2	-	-	-	-	62
Daphne Choy Gaik Choo	60	2	-	-	-	-	62
TOTAL	240	8	1,572	197	20	257	2,294

3.3 Remuneration of Key Senior Management

The Board is of the view that the disclosure of the Key Senior Management's remuneration components on a named basis would not be in the best interest of the Company as it may be detrimental to the Company's human resource management due to the competitive nature of talents within the construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on a named basis the remuneration or in bands of RM50,000.00 for the Key Senior Management.

Alternatively, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Key Senior Management of the Group for the FYE2022 are as follows:-

Remuneration Band	Number of Key Senior Management
RM300,001 to RM350,000	1
RM350,001 to RM400,000	1

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC

4.1 Effective and Independent ARMC

The ARMC currently comprises of four (4) members, a majority of them are Independent Directors. The ARMC Chairman is led by Mr. Eugene Lee Cheng Hoe who is distinct from the Chairman of the Board.

The composition of the ARMC is in compliance with Paragraphs 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCGG whereby all three (3) ARMC members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

PART I – ARMC *cont'd*

4.1 Effective and Independent ARMC *cont'd*

None of the members of ARMC were former key audit partners and in order to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

The ARMC members possess the necessary skills and knowledge to discharge their duties in accordance with the TOR of the ARMC and they are able to understand matters under the purview of the ARMC including the financial reporting process.

They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. The ARMC members had kept themselves abreast of relevant development in accounting and auditing standards, practices and rules.

The term of office and performance of the ARMC and its members are reviewed by the NRC annually to determine whether such ARMC and members have carried out their duties in accordance with the terms of reference.

4.2 External Auditors

The Board had established an External Auditors Assessment Policy which sets out the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors.

The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

In addition, during the ARMC Meetings, the members were also briefed by the External Auditors on the following:-

- (a) Accounting developments; and
- (b) Other changes in the regulatory environment.

The Board also has established the External Auditors Assessment Policy together with the Annual Performance Evaluation Form. The said policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

The ARMC is satisfied with the performance, suitability and independence of the External Auditors of the Company, Baker Tilly Monteiro Heng PLT. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL

5.1 Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

PART II - RISK MANAGEMENT AND INTERNAL CONTROL *cont'd*

5.1 Risk Management and Internal Control *cont'd*

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.

Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), a third party professional internal audit service firm that is independent of the operations and activities of the Group. The engagement team from Sterling is free from any relationship or conflict of interest, which could impair their objectivity and independence.

The Board had established the Internal Auditors Assessment Policy ("IA Assessment Policy") together with an annual performance evaluation form. The IA Assessment Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.

The ARMC had obtained assurance from Sterling confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE2022 are as disclosed in the ARMC Statement in this Annual Report.

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted. A copy of the policy is published on the Company's corporate website at www.southerncable.com.my.

The quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development.

The Company's corporate website at www.southerncable.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Company's AGM remains a principal forum used by the Group for communication with its shareholders. At the AGM, shareholders will be accorded time and opportunity to raise questions on the proposed resolutions and also matters relating to the performance, developments within and the future direction of the Group. The Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

PART I – ENGAGEMENT WITH STAKEHOLDERS *cont'd*

6.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Group and where necessary, that information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Corporate Disclosure Policy was formalised to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

PART II – CONDUCT OF GENERAL MEETINGS

7.1 Conduct of General Meetings

The Board will ensure that the Notice of the forthcoming AGM is sent out at least 28 days prior to the meeting to allow sufficient time for the shareholders to go through the Annual Report and make necessary attendance and voting arrangements.

In line with Practice 13.1 of MCGG, the notice convening the Third AGM (“3rd AGM”) of the Company was issued to shareholders at least 28 days before the 3rd AGM date, which gives shareholders sufficient time to prepare themselves to attend the 3rd AGM or to appoint a proxy to attend and vote on their behalf.

The Company’s 3rd AGM on 27 June 2022 was held on fully virtual and entirely via remote participation and electronic voting facilities and all the Directors attended the 3rd AGM and responded to the shareholders’ enquiries. The Senior Management of the Company and External Auditors had also attended the 3rd AGM and prepared to answer shareholders’ enquiries.

All resolutions set out in the Notice of 3rd AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

All Directors and Senior Management attended the 3rd AGM on a fully virtual basis and be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders’ queries concerning the Company and the Group in the 3rd AGM. The External Auditors were also invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company’s perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders’ meetings and ensures their queries are responded to properly and systematically.

The Board had ensured that the required infrastructure and tools were in place to enable the smooth broadcast of the 3rd AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the 3rd AGM was also published on the Company’s corporate website for the shareholders’ information.

STATEMENT BY THE BOARD ON CG STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCGG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE2022. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("Board") of Southern Cable Group Berhad ("the Company") presents the Audit and Risk Management Committee ("ARMC") Report of the Company for the financial year ended 31 December 2022 ("FYE2022") as follows:

COMPOSITION OF THE ARMC

The members of the ARMC comprising of all Non-Executive Directors with a majority of them being Independent Non-Executive Directors as follows:

Name	Designation
Eugene Lee Cheng Hoe, Chairman	Independent Non-Executive Director
Rizvi Bin Abd Halim, Member	Independent Non-Executive Chairman
Wong Kar Wai, Member	Non-Independent Non-Executive Director
Daphne Choy Gaik Choo, Member	Independent Non-Executive Director

All the Independent Non-Executive Directors satisfy the test of independence under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

All the ARMC members are financially literate. The Chairman of the ARMC is a member of the Malaysian Institute of Accountants and a Certified Practising Accountant with CPA Australia. He is also a Registered Financial Planner under the Malaysian Financial Planning Council. In this respect, the Company complies with Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Securities.

The ARMC is governed by its terms of reference ("TOR") is available on the Company's corporate website at www.southerncable.com.my.

MEETING

The ARMC met four (4) times during the FYE2022 and the attendance of each of the ARMC members at the meeting was as follows:

ARMC Members	Attendance
Eugene Lee Cheng Hoe, Chairman	4/4
Rizvi Bin Abd Halim, Member	4/4
Wong Kar Wai, Member	4/4
Daphne Choy Gaik Choo, Member	4/4

SUMMARY OF WORKS FOR FYE2022

The ARMC carried out the following work in discharging its functions and duties during the FYE2022, which are in line with its responsibilities as set out in its TOR:

- Reviewed the unaudited quarterly financial reports and audited financial statements of the Company and its subsidiaries ("the Group") including the announcements pertaining thereto, and recommended the same for the Board of Directors of the Company ("the Board") approval before releasing to Bursa Securities.
- Reviewed with the External Auditors, the Audit Review Memorandum in respect of the audit of the Group's financial statements for the financial year ended 31 December 2021 covering findings on the results and issues arising from their audit of the financial statements of the Group and their resolutions of such issues highlighted in their report to the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Cont'd

SUMMARY OF WORKS FOR FYE2022 *cont'd*

- iii. Reviewed with the External Auditors, the Audit Planning Memorandum in respect of the audit of the Group's financial statements for the FYE2022.
- iv. Considered and recommended the re-appointment of Baker Tilly Monteiro Heng PLT as the External Auditors and their audit fees to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit.
- v. Reviewed with the Internal Auditors, the work done and reports for the internal audit function and considered the findings of internal audit reviews and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.
- vi. Reviewed the Corporate Governance Overview Statement, ARMC Report and Statement on Risk Management and Internal Control and Sustainability Statement to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.
- vii. Reviewed the related party transactions and recurrent related party transactions entered into by the Group to ensure that those transactions were entered into in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interests of the minority shareholders of the Company.
- viii. Self-appraised the performance of the ARMC and submitted the evaluation form to the Nomination and Remuneration Committee for assessment.
- ix. Evaluated the performance of the External Auditors and Internal Auditors of the Company.

INTERNAL AUDIT FUNCTION

Appointment

The Company outsourced the internal audit function to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), an independent professional consulting company, to provide internal audit services for the Group. Sterling reports directly to the ARMC on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The function of Sterling is guided by its Internal Audit Charter which defines the authority, duties, responsibilities and independence of all its members.

The representatives of Sterling are free from any relationship or conflict of interest that could impair their objectivity and independence as internal auditors. The ARMC will annually review the adequacy of scope, function, competency and resources of the outsourced internal auditors to ensure that they are able to fully discharge their responsibilities. Details of the resources and the qualifications of Sterling are set out in the Corporate Governance Report which is available on the Company's website.

Internal Audit Activities

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

(a) Risk Based Internal Audit Plan of the Group

The Group's risk based internal audit plan covers key functional areas and business activities of the Group emphasising on the best practices and encompasses all business risks with a core focus on:

- The effectiveness and efficiency of operations
- Reliability of reporting
- Compliance with applicable laws and regulations
- Safe guarding the assets of the Group

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Cont'd

INTERNAL AUDIT FUNCTION *cont'd*

Internal Audit Activities *cont'd*

(b) Regular Internal Audit Reports

Sterling carried out the internal audit reviews based on the approved risk-based internal audit plan. They reviewed critical business processes, identified risks and internal control gaps, assess the effectiveness and adequacy of the existing state of internal control of the Group and recommend possible improvements to the internal control process. This is to provide reasonable assurance that the internal control systems continue to operate satisfactorily and effectively within the Group.

During the financial year under review, the Internal Auditors carried out the following reviews:

- Reviewed the Employment Environment (in relation to social compliance) and Environment functions of Southern Cable Sdn Bhd, Daya Forwarding Sdn Bhd and Nextol Polymer Sdn Bhd.
- Reviewed the Accounts and Finance functions of Southern Cable Sdn Bhd.

(c) Follow-up Reports

In addition, Sterling also conducted the follow-up review on the implementation of recommendations from prior internal audit visits to ensure that all areas of concern, findings and recommendations are put in place and/or enhanced where appropriate by the Management.

Total Costs Incurred for the Financial Year

The total costs incurred for the internal audit reviews of the Group during the FYE2022 was RM37,000.

Review of IA Function

For the FYE2022, the ARMC noted that the internal audit function is independent and Sterling has performed its audit assignments with impartiality, independently and with due professional care.

EVALUATION OF PERFORMANCE OF THE AUDITORS

Pursuant to the TOR of the ARMC, the Board has established the Assessment Policy for both the external and internal auditors together with their annual performance evaluation forms respectively. The policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the external and internal auditors.

The external and internal auditors are precluded from providing any services that may impair their independence or conflict with their role.

The ARMC shall obtain assurance from the external and internal auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC shall carry out an annual performance assessment of the External and Internal Auditors and may request the Executive Directors, Group Financial Controller and Group General Manager to join the assessment.

The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the External and Internal Auditors of the Company. The following are some of the criteria to be annually reviewed by the ARMC:

- a. Adequacy of resources and experience of the audit firm
- b. Quality processes of the audit firm
- c. Competency of the engagement team
- d. Governance and independence
- e. Audit fee, scope and planning
- f. Audit reports and communications

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) of Southern Cable Group Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 (“FYE2022”), issued in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Principle B of the Malaysian Code on Corporate Governance (“MCCG”) with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders’ investments and the Company and its subsidiaries’ (“Group”) assets, as well as reviewing its effectiveness, adequacy and integrity on a regular basis. The Board focuses on effective risk oversight which is critical in setting the tone and culture towards effective risk management and internal control.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls within the Group at all levels. It is assisted by the Audit and Risk Management Committee (“ARMC”), which is empowered by its terms of reference to ensure independent oversight of internal control and risk management.

The Management Team is responsible for implementing the Group’s policies and procedures on risk and internal control to identify, evaluate, measure, monitor and report risks as well as deficiencies and non-compliance with internal controls, and for taking appropriate and timely remedial actions as required.

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 loss.

RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial period under review enables the Group to make cautious, mindful and well-informed decisions through the formulation and implementation of requisite action plans and monitoring regimes which are imperative in ensuring the accomplishment of the Group objective.

Day-to-day operations in respect of the financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective head of department and they have delegated the responsibilities to identify and manage these risks within defined parameters and standards.

The management of risk is an on-going process to identify, evaluate and manage the significant risks faced by the Group. As part of our Risk Management process, a Risk Management Handbook and Registry of Risk were adopted. The Registry of Risk is maintained to identify principal business risks and key risk areas, their impact, the likelihood of occurrence, risk owner and risk control actions. The Risk Management Handbook summarises risk management methodology, approach, processes, roles and responsibilities. The level of risk tolerance is established and monitored through the use of a risk impact and likelihood matrix where the ratings are assessed in response to changes in the business environment.

The respective risk owners are assigned and responsible for identifying risks as well as ensuring that adequate control systems are implemented to mitigate risks faced by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

INTERNAL AUDIT FUNCTION

The Company outsourced the internal audit function to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") to carry out the internal audit services for the Group. Sterling reports directly to the ARMC, providing the Board with a reasonable assurance of the 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 ARMC, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

Sterling is free from any relationships or conflicts of interest, which could impair its objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the internal audit function is effective and able to function independently.

Sterling uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. The internal audit reviews will be conducted according to the approved risk based internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.

A description of the internal audit work conducted by Sterling during the FYE2022 can be found in the ARMC Report included in this Annual Report.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system established by the Board to provide effective governance and oversight of internal control include:

(a) Organisation Structure

The Group has a clear organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. In addition, the Board and its Board Committees are all governed by clearly defined terms of reference.

(b) Limits of Authority

The Group has defined limits of authority which outlines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed periodically and updated in line with changes in the organisation.

(c) Standard Operating Policies and Procedures ("SOPs")

Elements of internal control have been embedded and documented in the SOPs which are continually reviewed and updated to reflect changes in the business environment. Accountability and responsibility for key processes have been established in the SOPs.

(d) Talent Management

The professionalism and competency of staff are enhanced through training and development programmes. On-the-job training programmes are made available to the employees to ensure that they are constantly kept up-to-date with the constant technological changing environment and competent in carrying out their duties and responsibilities.

(e) Board Committees

The Board has established various board committees to assist in discharging its duties. These include the ARMC and Nomination and Remuneration Committee. These Board Committees are delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

INTERNAL CONTROL SYSTEM *cont'd*

(f) Anti-Bribery and Corruption Policy & Procedures

The Group adopts a zero-tolerance approach to all forms of bribery and corruption. The Group is committed in conducting its business free from any acts of bribery and corruption by upholding high standards of ethics and integrity. The Group has established an anti-bribery and corruption policy & procedures which prohibit all forms of bribery and corruption practices. All employees to read and understand the policy and to take an assessment test. All business partners including consultants and contractors are required to acknowledge and agree to comply with the Group's anti-bribery and corruption policy and procedures. The said policy is also made available at the Company's website.

(g) Whistle Blowing Policy

The Group has put in place a whistle blowing policy which allows, supports and encourages its employees to report and disclose any improper or illegal activities within the Group. The whistle blowing policy is made available on the Company's website.

(h) Safety and Health Management

The Group has been emphasising the safety and health of employees and stakeholders by enforcing precautionary measures and guidelines in all factory premises as stipulated by the relevant authorities.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control performed under a limited assurance engagement. Their limited assurance engagement was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to the attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was it factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the risk management and internal control system to safeguard shareholders' investment and the Group's assets.

In addition, the Board has received assurance from the Managing Director, Group General Manager and Group Financial Controller that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

The Board will continue to monitor all major risks affecting the Group and take appropriate action plans to strengthen the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement is made in accordance with the resolution of the Board dated 14 April 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), and the requirements of the Act.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- a. adopted and consistently applied suitable accounting policies;
- b. made judgments and estimates that are prudent and reasonable;
- c. ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Company and its subsidiaries ("Group") keep accounting records which disclose the financial position of the Group with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

STATUS OF UTILISATIONS OF PROCEEDS

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 October 2020 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 209,348,000 new ordinary shares at an issued price of RM0.34 per ordinary share, raising a total gross proceeds of approximately RM71.178 million ("Listing Proceeds").

The status of the utilisation of the Listing Proceeds as at 31 March 2023 is as follows:-

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Intended timeframe for utilisation from the date of Listing
Capital expenditure and expansion				
- Purchase and upgrade of new machinery and equipment	18,500	18,500	-	Within 36 months
- Construction of factories	7,500	2,162	5,338	
- Purchase and installation of Enterprise Resource Planning information technology system	4,000	276	3,724	
Repayment of bank borrowings	9,188	9,188	-	Within 6 months
Working capital	27,490	27,490	-	Within 6 months
Estimated listing expenses	4,500	4,500	-	Within 3 months
Total	71,178	62,116	9,062	

The utilisation of the Listing Proceeds as disclosed above should be read in conjunction with the Prospectus for the Listing dated 29 September 2020.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the financial year ended 31 December 2022 ("FYE2022") are as follows: -

	Company RM	Group RM
Audit Fee	38,000	147,000
Non-Audit Fee	-	-

MATERIAL CONTRACT INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS' INTEREST

There were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the directors and/or major shareholders' interest either still subsisting at the end of the FYE2022 or entered into since the end of the previous period.

RECURRENT RELATED PARTY TRANSACTION ("RRPT")

Details of the RRPT of a revenue or trading nature that entered into by the Company and/or the Group with the related parties are disclosed in Note 29 of the Notes to the Financial Statements on page 117 of this Annual Report. The quantum involved in the RRPT is not substantial and does not require the shareholders' approval pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities.

DIRECTORS' REPORT

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 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its 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	Company RM
Profit for the financial year, net of tax	14,544,378	2,174,006
Attributable to:		
Owners of the Company	14,544,378	2,174,006

DIVIDENDS

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

	2022 RM
Single tier final dividend of 0.21 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 29 July 2022	1,680,000

At the forthcoming Annual General Meeting, a single tier final dividend of 0.28 sen per ordinary share, amounting to RM2,240,000 in respect of the current financial year, based on the number of outstanding ordinary shares in issue as at 31 December 2022, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

RESERVES OR PROVISIONS

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

DIRECTORS' REPORT

cont'd

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the 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 period 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 that would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

cont'd

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

Warrants 2022/2027

On 1 November 2022, the Company bonus issued 400,000,000 warrants on the basis of 1 warrant for every 2 existing ordinary shares held in the Company. Each Warrants 2022/2027 entitles the registered holder the right at any time during the exercise period from 1 November 2022 to 31 October 2027 to subscribe in cash for 1 new ordinary share at exercise price of RM0.275 each.

The salient terms of the Warrants 2022/2027 are disclosed in Note 12 to the financial statements.

The movement in the Company's warrants during the financial year is as follows:

	Number of warrants			
	At 1 January 2022	Alloted	Exercised	At 31 December 2022
Warrants	-	400,000,000	-	400,000,000

DIRECTORS

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

Tung Eng Hai*
Wong Meng Kee*
Rizvi Bin Abd Halim
Wong Kar Wai
Eugene Lee Cheng Hoe
Daphne Choy Gaik Choo

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT

cont'd

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 this report are:

Tung Siew Luan
Tung Cheng Im
Redzuan Bin Husain
Fawiza Binti Faiz

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 in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Direct interests:				
Tung Eng Hai	-	2,100,000	-	2,100,000
Wong Meng Kee	1,459,204	-	-	1,459,204
Wong Kar Wai	600,000	-	-	600,000
Rizvi Bin Abd Halim	400,000	-	-	400,000
Daphne Choy Gaik Choo	400,000	-	-	400,000
Eugene Lee Cheng Hoe	400,000	-	-	400,000
Indirect interests*:				
Tung Eng Hai ⁽¹⁾	285,524,412	-	-	285,524,412
Wong Meng Kee ⁽²⁾	292,388,412	-	-	292,388,412

	Number of warrants issued			
	At 1.1.2022	Alloted	Sold	At 31.12.2022
Direct interests:				
Tung Eng Hai	-	1,050,000	-	1,050,000
Wong Meng Kee	-	729,602	-	729,602
Wong Kar Wai	-	300,000	-	300,000
Rizvi Bin Abd Halim	-	200,000	-	200,000
Daphne Choy Gaik Choo	-	200,000	-	200,000
Eugene Lee Cheng Hoe	-	200,000	-	200,000
Indirect interests*:				
Tung Eng Hai ⁽¹⁾	-	142,762,206	-	142,762,206
Wong Meng Kee ⁽²⁾	-	146,194,206	-	146,194,206

DIRECTORS' REPORT*cont'd***DIRECTORS' INTERESTS** *cont'd*

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 in the Company and its related corporations during the financial year were as follows: *cont'd*

- (1) Shares held through company in which the director has substantial financial interests.
 (2) Shares held through company in which the director has substantial financial interests and shares held through spouse.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, the directors are also deemed to have interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of previous financial period, 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 below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

	Group RM	Company RM
Fees	240,000	240,000
Salaries, allowances and bonuses	2,066,744	9,600
Defined contribution plans	219,516	-
Other staff related expenses	3,733	-
Benefits-in-kind	34,800	-
	2,564,793	249,600

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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total insurance effected for and insurance premium paid for the directors and officers of the Company were RM20,000,000 and RM32,250 respectively.

SUBSIDIARIES

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

The auditors' report on the financial statements of the subsidiaries did not contain any qualification.

DIRECTORS' REPORT

cont'd

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the financial year were RM147,000 and RM38,000 respectively.

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

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

.....
TUNG ENG HAI

Director

.....
WONG MENG KEE

Director

Date: 31 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	51,956,233	43,558,905	-	-
Right-of-use assets	6	40,389,007	43,374,668	-	-
Investment properties	7	516,664	523,151	-	-
Investment in subsidiaries	8	-	-	147,662,998	147,662,998
Total non-current assets		92,861,904	87,456,724	147,662,998	147,662,998
Current assets					
Inventories	9	223,256,265	182,528,888	-	-
Current tax assets		7,879,280	5,984,709	-	-
Trade and other receivables	10	224,662,582	199,325,534	65,940,808	57,368,564
Cash and short-term deposits	11	21,871,961	35,411,485	4,948,958	13,002,234
Total current assets		477,670,088	423,250,616	70,889,766	70,370,798
TOTAL ASSETS		570,531,992	510,707,340	218,552,764	218,033,796
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	217,655,644	217,655,644	217,655,644	217,655,644
Reorganisation reserve	13	(120,947,002)	(120,947,002)	-	-
Retained earnings		191,122,586	178,258,208	585,166	91,160
TOTAL EQUITY		287,831,228	274,966,850	218,240,810	217,746,804

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

Cont'd

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Non-current liabilities					
Loans and borrowings	14	6,183,983	8,629,022	-	-
Deferred tax liabilities	15	7,759,112	5,490,376	-	-
Total non-current liabilities		13,943,095	14,119,398	-	-
Current liabilities					
Loans and borrowings	14	211,554,433	158,101,076	-	-
Provision	16	221,101	387,429	-	-
Current tax liabilities		2,273	238,781	2,273	-
Trade and other payables	17	56,013,174	62,286,593	309,681	286,992
Derivative financial liabilities	18	966,688	607,213	-	-
Total current liabilities		268,757,669	221,621,092	311,954	286,992
TOTAL LIABILITIES		282,700,764	235,740,490	311,954	286,992
TOTAL EQUITY AND LIABILITIES		570,531,992	510,707,340	218,552,764	218,033,796

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial year ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	19	875,879,440	659,939,334	3,200,000	6,750,000
Cost of sales		(824,164,381)	(620,697,479)	-	-
Gross profit		51,715,059	39,241,855	3,200,000	6,750,000
Other income	20	2,417,751	2,407,026	10,570	238,519
Distribution expenses		(13,459,104)	(9,970,223)	-	-
Administrative expenses		(10,844,092)	(11,516,194)	(979,593)	(1,577,554)
Impairment loss on trade receivables		(1,619,965)	-	-	-
Other expenses		(9,025)	(11,193)	-	(482)
Operating profit		28,200,624	20,151,271	2,230,977	5,410,483
Finance costs	21	(8,341,942)	(5,841,138)	-	-
Profit before tax	22	19,858,682	14,310,133	2,230,977	5,410,483
Income tax expense	24	(5,314,304)	(3,404,318)	(56,971)	(6,888)
Profit for the financial year, representing total comprehensive income for the financial year		14,544,378	10,905,815	2,174,006	5,403,595
Profit attributable to:					
Owners of the Company		14,544,378	10,905,815	2,174,006	5,403,595
Total comprehensive income attributable to:					
Owners of the Company		14,544,378	10,905,815	2,174,006	5,403,595
Earnings per share attributable to owners of the Company (sen)					
- Basic	25	1.82	1.36	-	-
- Diluted	25	1.79	1.36	-	-

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial year ended 31 December 2022

Group	Note	← Attributable to owners of the Company →			Total equity RM
		Share capital RM	Reorganisation reserve RM	Retained earnings RM	
At 1 January 2021		217,655,644	(120,947,002)	170,552,393	267,261,035
Profit for the financial year, representing total comprehensive income for the financial year		-	-	10,905,815	10,905,815
Transaction with owners					
Dividend paid	26	-	-	(3,200,000)	(3,200,000)
At 31 December 2021		217,655,644	(120,947,002)	178,258,208	274,966,850
Profit for the financial year, representing total comprehensive income for the financial year		-	-	14,544,378	14,544,378
Transaction with owners					
Dividend paid	26	-	-	(1,680,000)	(1,680,000)
At 31 December 2022		217,655,644	(120,947,002)	191,122,586	287,831,228

STATEMENTS OF CHANGES IN EQUITY

For the Financial year ended 31 December 2022

Cont'd

Company	Note	Share capital RM	(Accumulated losses)/ retained earnings RM	Total equity RM
At 1 January 2021		217,655,644	(2,112,435)	215,543,209
Profit for the financial year, representing total comprehensive profit for the financial year		-	5,403,595	5,403,595
Transaction with owners				
Dividend paid	26	-	(3,200,000)	(3,200,000)
At 31 December 2021		217,655,644	91,160	217,746,804
Profit for the financial year, representing total comprehensive income for the financial year		-	2,174,006	2,174,006
Transaction with owners				
Dividend paid	26	-	(1,680,000)	(1,680,000)
At 31 December 2022		217,655,644	585,166	218,240,810

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

STATEMENTS OF CASH FLOWS

For the Financial year ended 31 December 2022

	Note	Group	Company		
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit before tax		19,858,682	14,310,133	2,230,977	5,410,483
Adjustments for:					
Depreciation of investment properties		6,487	6,486	-	-
Depreciation of property, plant and equipment		5,837,069	4,706,369	-	-
Depreciation of right-of-use assets		2,334,095	2,705,414	-	-
Derecognition of right-of-use assets		(49,478)	-	-	-
Dividend income		-	-	(3,200,000)	(6,750,000)
Impairment losses on trade receivables		1,619,965	-	-	-
Fair value loss on derivative financial instruments		359,475	458,582	-	-
Gain on disposal of property, plant and equipment		(8,070)	(46,999)	-	-
Interest expenses		8,341,942	5,841,138	-	-
Interest income		(194,622)	(1,008,916)	(10,570)	(238,519)
Net unrealised gain on foreign exchange		(607,979)	(574,232)	-	-
Provision for employee benefits (net)		(166,328)	210,535	-	-
Property, plant and equipment written off		1	2	-	-
Right-of-use assets written off		-	7,871	-	-
Operating profit/(loss) before changes in working capital		37,331,239	26,616,383	(979,593)	(1,578,036)
Changes in working capital:					
Inventories		(40,727,377)	(93,574,035)	-	-
Trade and other receivables		(26,376,253)	(40,666,221)	-	163,543
Trade and other payables		(6,246,200)	10,140,896	22,689	(94,527)
Net cash used in operations		(36,018,591)	(97,482,977)	(956,904)	(1,509,020)
Income tax paid		(5,176,647)	(7,050,863)	(54,698)	(6,888)
Interest paid		(304,493)	(284,440)	-	-
Interest received		194,622	1,008,916	10,570	238,519
Net cash used in operating activities		(41,305,109)	(103,809,364)	(1,001,032)	(1,277,389)

STATEMENTS OF CASH FLOWS

For the Financial year ended 31 December 2022

Cont'd

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Cash flows from investing activities					
Dividend received		-	-	3,200,000	6,750,000
Purchase of property, plant and equipment	(A)	(12,412,925)	(21,966,580)	-	-
Addition of right-of-use assets	(B)	(307,930)	(475,755)	-	-
Derecognition of right-of-use assets		115,447	-	-	-
Proceeds from disposal of property, plant and equipment		13,100	47,000	-	-
Change in pledged bank balances		-	682,942	-	-
Change in pledged deposits		5,166,446	40,849,167	-	-
Net cash (used in)/from investing activities		(7,425,862)	19,136,774	3,200,000	6,750,000
Cash flows from financing activities					
	(C)				
Interest paid		(8,037,449)	(5,556,698)	-	-
Dividend paid		(1,680,000)	(3,200,000)	(1,680,000)	(3,200,000)
Net change in amount owing by subsidiaries		-	-	(8,572,244)	(23,591,494)
Drawdown of bankers' acceptance		873,251,062	662,679,618	-	-
Repayment of bankers' acceptance		(819,270,794)	(614,420,703)	-	-
Drawdown of term loans		-	3,822,342	-	-
Repayment of term loans		(1,482,185)	(8,241,153)	-	-
Repayment of lease liabilities		(2,422,741)	(2,887,223)	-	-
Net cash from/(used in) financing activities		40,357,893	32,196,183	(10,252,244)	(26,791,494)
Net decrease in cash and cash equivalents		(8,373,078)	(52,476,407)	(8,053,276)	(21,318,883)
Cash and cash equivalents at the beginning of the financial year		30,213,021	82,689,428	13,002,234	34,321,117
Cash and cash equivalents at the end of the financial year	11	21,839,943	30,213,021	4,948,958	13,002,234

(A) Purchase of property, plant and equipment:

	Group	
	2022 RM	2021 RM
Purchase of property, plant and equipment	13,136,185	21,966,580
Financed by way of lease arrangement	(723,260)	-
Cash payments on purchase of property, plant and equipment	<u>12,412,925</u>	<u>21,966,580</u>

STATEMENTS OF CASH FLOWS

For the Financial year ended 31 December 2022

Cont'd

(B) Addition of right-of-use assets:

		Group	
	Note	2022 RM	2021 RM
Addition of right-of-use assets	6	517,646	1,262,865
Financed by way of lease arrangement		-	(485,151)
Operating lease recognised as right-of-use assets		(209,716)	(301,959)
Cash payments on addition of right-of-use assets		307,930	475,755

(C) Reconciliation of liabilities arising from financing activities:

	Group			
	1 January 2022 RM	Cash flows RM	Non-cash acquisition RM	31 December 2022 RM
Term loans	6,349,368	(1,482,185)	-	4,867,183
Lease liabilities	5,794,812	(2,422,741)	932,976	4,305,047
Bankers' acceptance	154,585,918	53,980,268	-	208,566,186
	166,730,098	50,075,342	932,976	217,738,416

	Group			
	1 January 2021 RM	Cash flows RM	Non-cash acquisition RM	31 December 2021 RM
Term loans	10,768,179	(4,418,811)	-	6,349,368
Lease liabilities	7,894,925	(2,887,223)	787,110	5,794,812
Bankers' acceptance	106,327,003	48,258,915	-	154,585,918
	124,990,107	40,952,881	787,110	166,730,098

Company

There were no non-cash changes in liabilities arising from financing activities.

(D) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM2,692,992 (2021: RM3,359,224).

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Southern Cable Group Berhad (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 3rd Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 42, Jalan Merbau Pulas, Kawasan Perusahaan Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8.

There has 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 31 March 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION *cont'd*

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#] / 1 January 2024
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 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 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] 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 Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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 Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. *cont'd*

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

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, unless otherwise stated.

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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 higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group’s and the Company’s financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to 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

The acquisitions of Southern Cable Sdn. Bhd., Nextol Polymer Sdn. Bhd. and Daya Forwarding Sdn. Bhd. have been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of Southern Cable Group Berhad have been consolidated using the merger method of accounting.

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.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Basis of consolidation *cont'd*

(a) Subsidiaries and business combination *cont'd*

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 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 loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

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

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 3.10(b).

3.3 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Foreign currency transactions *cont'd*

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 items (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).

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 contract 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 ("FVPL"), 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 FVPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as FVPL. 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 FVPL.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

(i) Financial assets *cont'd*

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **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 is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.
- **FVOCI**
Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.
- **FVPL**
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, 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 FVPL, 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 FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Financial instruments *cont'd*

(a) Subsequent measurement *cont'd*

(i) Financial assets *cont'd*

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at FVPL.

Financial liabilities at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Financial instruments *cont'd*

(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 the 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 *Financial Instruments* 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 is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves 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 the cash flows from the financial asset expire, or
- (ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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*

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.

(f) Derivatives

The Group and the Company use interest swap contracts to hedge the exposure of floating interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss.

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 3.10(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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

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 and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress 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)
Freehold buildings	50
Leasehold land	
- Long-term leasehold land	51 - 90
- Short-term leasehold land	42 - 47
Leasehold buildings	50 - 90
Furniture, fittings and office equipment	4 - 10
Plant and machineries	5 - 10
Motor vehicles	5
Factory tools and equipment	10
Electrical installation and renovation	5 - 10
Fire protection system	10
Solar PV system	25

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

(d) Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group assesses as 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 assesses as whether:

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

(b) Lessee accounting

At the lease commencement date, the Group recognises 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 presents right-of-use assets that do not meet the definition of investment property in Note 7 and lease liabilities in Note 14. The Group presents right-of-use assets as separate lines in the statements of financial position.

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 the Group 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 3.10(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 uses its 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.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 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 remeasures 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.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has 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.

3.7 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. 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.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated 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 3.10(b).

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Investment properties *cont'd*

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Inventories

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

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

- Raw materials: purchase costs on a first-in-first out 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 a 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 cost necessary to make the sale.

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in 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 amounts of cash and which are subject to an insignificant risk of changes of value. Cash and cash equivalents are presented net of bank overdrafts.

3.10 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables or a loan commitment 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 losses, except for the following, which are measured as 12-month expected credit losses:

- 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, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.10 Impairment of assets *cont'd*

(a) Impairment of financial assets *cont'd*

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

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than the credit term unless the Company has 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 and debt securities at FVOCI 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 issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.10 Impairment of assets *cont'd*

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) 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 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").

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 exceeds 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.

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.

3.11 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidence 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.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Employee benefits *cont'd*

(b) Defined contribution plans

As required by law, the Group contributes 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.

(c) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

3.13 Provisions

Provisions are recognised when the Group has 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.

3.14 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.

The Group and the Company measure revenue 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, 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 uses 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 expects to better predict the amount of consideration to which it is entitled.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Revenue and other income *cont'd*

(a) Sale of goods

The Group manufactures and sells manufactured cables, wires, related products and services including aluminium rods, trading of cables and wires and copper strips, manufacture and supply plastic compounds and wooden drum to customers. Revenue from sale of manufactured and trading goods are recognised at the point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with credit term ranging from 14 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.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income is recognised on an accrual basis.

(d) Dividend income

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

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.16 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.

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

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

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

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

(c) Sales and services tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.17 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.

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The managing director of the Group, 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.

3.19 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.

3.20 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 the Company.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Inventories

The inventories comprise of costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The allocation of raw materials cost and overhead, including fixed and variable cost, to the inventories costing involve estimation made by the directors based on the previous experience and historical data. The inaccurate allocation will cause inaccurate inventories balances as at the financial year end.

The carrying amount of the Group's inventories is disclosed in Note 9.

(b) Impairment of trade receivables

The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between 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 trade receivables is disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land	Buildings	Furniture, fittings and office equipment	Plant and machineries	Motor vehicles	Factory tools and equipment	Electrical installation and renovation	Fire and protection system	Solar PV system	Capital work-in-progress	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost												
At 1 January 2021		2,325,189	2,149,355	3,981,184	64,449,824	4,675,809	13,829,950	4,983,270	749,179	-	1,153,187	98,296,947
Additions		-	-	350,464	11,221,276	-	2,767,475	646,980	-	-	6,980,385	21,966,580
Disposals		-	-	-	-	(128,660)	-	-	-	-	-	(128,660)
Written off		-	-	-	-	-	-	(11,580)	-	-	-	(11,580)
Transfers from right-of-use assets	6	-	-	-	3,251,554	900,700	91,900	-	-	-	-	4,244,154
At 31 December 2021/ 1 January 2022		2,325,189	2,149,355	4,331,648	78,922,654	5,447,849	16,689,325	5,618,670	749,179	-	8,133,572	124,367,441
Additions		-	-	116,067	3,402,324	876,260	1,565,221	469,809	-	777,658	5,928,846	13,136,185
Disposals		-	-	(8,199)	-	(43,000)	-	-	-	-	-	(51,199)
Written off		-	-	-	-	-	(465)	-	-	-	-	(465)
Reclassification		-	-	-	4,429,154	-	-	-	-	4,406,726	(8,835,880)	-
Transfers from right-of-use assets	6	-	-	-	2,195,781	932,016	-	-	-	-	-	3,127,797
At 31 December 2022		2,325,189	2,149,355	4,439,516	88,949,913	7,213,125	18,254,081	6,088,479	749,179	5,184,384	5,226,538	140,579,759

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Note	Freehold land		Buildings		Furniture, fittings and office equipment		Plant and machineries		Motor vehicles		Factory tools and equipment		Electrical installation and renovation		Fire protection system		Solar PV system		Capital work-in-progress		Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		
Accumulated depreciation																						
At 1 January 2021		-		268,955	3,038,287	52,337,008	4,414,304	9,585,313	3,766,838	334,813	-	-	-	-	-	-	-	-	-	-	73,745,518	
Depreciation for the financial year		22	-	42,987	311,808	2,947,687	109,562	998,291	236,113	59,921	-	-	-	-	-	-	-	-	-	-	4,706,369	
Disposals			-	-	-	-	(128,659)	-	-	-	-	-	-	-	-	-	-	-	-	-	(128,659)	
Written off			-	-	-	-	-	-	(11,578)	-	-	-	-	-	-	-	-	-	-	-	(11,578)	
Transfers from right-of-use assets		6	-	-	-	1,555,819	893,587	47,480	-	-	-	-	-	-	-	-	-	-	-	-	2,496,886	
At 31 December 2021/ 1 January 2022			-	311,942	3,350,095	56,840,514	5,288,794	10,631,084	3,991,373	394,734	-	-	-	-	-	-	-	-	-	-	80,808,536	
Depreciation for the financial year		22	-	42,987	318,607	3,800,972	133,216	1,120,054	279,604	59,125	82,504	-	-	-	-	-	-	-	-	-	5,837,069	
Disposals			-	-	(3,170)	-	(42,999)	-	-	-	-	-	-	-	-	-	-	-	-	-	(46,169)	
Written off			-	-	-	-	-	(464)	-	-	-	-	-	-	-	-	-	-	-	-	(464)	
Transfers from right-of-use assets		6	-	-	-	1,097,399	927,155	-	-	-	-	-	-	-	-	-	-	-	-	-	2,024,554	
At 31 December 2022			-	354,929	3,665,532	61,738,885	6,306,166	11,750,674	4,270,977	453,859	82,504	-	-	-	-	-	-	-	-	-	88,623,526	

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Freehold land	Buildings	Furniture, fittings and office equipment	Plant and machineries	Motor vehicles	Factory tools and equipment	Electrical installation and renovation	Fire protection system	PV system	Solar system	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount												
At 31 December 2022	2,325,189	1,794,426	773,984	27,211,028	906,959	6,503,407	1,817,502	295,320	5,101,880	5,226,538	51,956,233	
At 31 December 2021/ 1 January 2022	2,325,189	1,837,413	981,553	22,082,140	159,055	6,058,241	1,627,297	354,445	-	8,133,572	43,558,905	

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Assets pledged as security

	Group	
	2022	2021
	RM	RM
Freehold land	955,749	2,325,189
Freehold buildings	1,015,296	1,837,413
	<u>1,971,045</u>	<u>4,162,602</u>

Freehold land and buildings have been pledged as security to secure credit facilities of the Group as disclosed in Note 14.

6. RIGHT-OF-USE ASSETS

Group	Note	Leasehold land	Leasehold buildings	Plant and machineries	Motor vehicles	Factory equipment	Warehouse and workers' accommodation	Total
		RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 January 2021		12,290,015	31,201,013	13,174,857	3,367,429	91,900	195,477	60,320,691
Additions		-	479,454	-	481,452	-	301,959	1,262,865
Written off		-	-	-	-	-	(168,654)	(168,654)
Transfers to property, plant and equipment	5	-	-	(3,251,554)	(900,700)	(91,900)	-	(4,244,154)
At 31 December 2021/1 January 2022		12,290,015	31,680,467	9,923,303	2,948,181	-	328,782	57,170,748
Additions		-	307,930	-	-	-	209,716	517,646
Written off		-	-	-	-	-	(35,109)	(35,109)
Derecognition		-	-	-	-	-	(115,447)	(115,447)
Transfers to property, plant and equipment	5	-	-	(2,195,781)	(932,016)	-	-	(3,127,797)
At 31 December 2022		12,290,015	31,988,397	7,727,522	2,016,165	-	387,942	54,410,041

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

6. RIGHT-OF-USE ASSETS *cont'd*

Group	Note	Leasehold land RM	Leasehold buildings RM	Plant and machineries RM	Motor vehicles RM	Factory equipment RM	Warehouse and workers' accommodation RM	Total RM
Accumulated depreciation								
At 1 January 2021		1,361,015	7,132,795	3,025,081	2,045,604	43,652	140,188	13,748,335
Amortisation/depreciation for the financial year	22	202,422	611,686	1,181,586	588,976	3,828	116,916	2,705,414
Written off		-	-	-	-	-	(160,783)	(160,783)
Transfers to property, plant and equipment	5	-	-	(1,555,819)	(893,587)	(47,480)	-	(2,496,886)
At 31 December 2021/ 1 January 2022		1,563,437	7,744,481	2,650,848	1,740,993	-	96,321	13,796,080
Amortisation/depreciation for the financial year	22	202,422	620,577	879,308	452,301	-	179,487	2,334,095
Written off		-	-	-	-	-	(35,109)	(35,109)
Derecognition		-	-	-	-	-	(49,478)	(49,478)
Transfers to property, plant and equipment	5	-	-	(1,097,399)	(927,155)	-	-	(2,024,554)
At 31 December 2022		1,765,859	8,365,058	2,432,757	1,266,139	-	191,221	14,021,034
Carrying amount								
At 31 December 2022		10,524,156	23,623,339	5,294,765	750,026	-	196,721	40,389,007
At 31 December 2021/ 1 January 2022		10,726,578	23,935,986	7,272,455	1,207,188	-	232,461	43,374,668

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

6. RIGHT-OF-USE ASSETS *cont'd*

(a) Assets under leases

The Group's leasehold land and building for use as its operation site, warehouse and office space.

The leases for workers' accommodation and warehouse generally have lease term between one (1) to two (2) years. The lease for warehouse has an option to renew another two (2) years.

The Group leases plant and machineries, motor vehicles and factory equipment with lease term of three (3) to five (5) years and have options to purchase the assets at the end of the contract term.

(b) Assets pledged as security

	Group	
	2022	2021
	RM	RM
Leasehold land	3,362,055	10,726,578
Leasehold buildings	21,737,652	23,935,986
	<u>25,099,707</u>	<u>34,662,564</u>

Leasehold land and buildings have been pledged as security to secure credit facilities of the Group as disclosed in Note 14.

7. INVESTMENT PROPERTIES

Group	Note	Leasehold building RM	Freehold land RM	Freehold building RM	Total RM
Cost					
At 1 January 2021/31 December 2021/ 31 December 2022		180,000	198,616	215,887	594,503
Accumulated depreciation					
At 1 January 2021		21,687	-	43,179	64,866
Depreciation for the financial year	22	2,168	-	4,318	6,486
At 31 December 2021/1 January 2022		23,855	-	47,497	71,352
Depreciation for the financial year	22	2,169	-	4,318	6,487
At 31 December 2022		<u>26,024</u>	<u>-</u>	<u>51,815</u>	<u>77,839</u>
Carrying amount					
At 31 December 2022		<u>153,976</u>	<u>198,616</u>	<u>164,072</u>	<u>516,664</u>
At 31 December 2021/1 January 2022		<u>156,145</u>	<u>198,616</u>	<u>168,390</u>	<u>523,151</u>

The strata title for a leasehold building has yet to be obtained as at the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

7. INVESTMENT PROPERTIES *cont'd*

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

	Group	
	2022	2021
	RM	RM
Direct operating expenses:		
- Non-income generating investment properties	14,611	9,306

Fair value information

Fair value of investment property is categorised as follows:

	Group Level 3 RM
2022	
Investment properties	582,120
2021	
Investment properties	864,013

There were no Level 1 and Level 2 investment properties or transfers between Level 1 and Level 2 during the financial year ended 31 December 2022 or 31 December 2021.

Level 3 fair value

The estimated fair value was determined based on information available through internal research and the directors' best estimate by reference to similar properties in the locality and adjusting for location, terrain, size, present market trends and other differences. The most significant input into this valuation approach is price per square foot of the properties.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM	RM
At cost:		
Unquoted shares	147,662,998	147,662,998

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

8. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of subsidiaries are as follows:

Name of Company	Country of Incorporation	Ownership		Principal activities
		2022	2021	
Southern Cable Sdn. Bhd. ("Southern")	Malaysia	100%	100%	Manufacture of cables and wires, and related products and services including aluminium rods, trading of cables and wires, and copper strips and supply and installation of rectifiers.
Nextol Polymer Sdn. Bhd. ("Nextol")	Malaysia	100%	100%	Manufacture of plastic compounds.
Daya Forwarding Sdn. Bhd. ("Daya")	Malaysia	100%	100%	Manufacture and trading of wooden cable drums.

9. INVENTORIES

	Group	
	2022	2021
	RM	RM
At cost:		
Raw materials	72,497,910	71,544,233
Work-in-progress	44,817,156	24,714,404
Finished goods	105,574,735	86,126,417
Packing materials	37,842	30,251
Trading products	328,622	113,583
	<u>223,256,265</u>	<u>182,528,888</u>

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM770,042,548 (2021: RM575,335,269).

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Current:					
Trade					
Trade receivables	(a)	215,680,289	194,681,966	-	-
Less: Impairment losses for trade receivables		(1,619,965)	-	-	-
		214,060,324	194,681,966	-	-
Non-trade					
Other receivables		239,788	76,371	-	-
Amount owing by subsidiaries	(b)	-	-	65,940,808	57,368,564
Deposits		447,425	331,685	-	-
Advance payments	(c)	6,338,793	77,457	-	-
Prepayments		3,576,252	4,158,055	-	-
		10,602,258	4,643,568	65,940,808	57,368,564
Total trade and other receivables		224,662,582	199,325,534	65,940,808	57,368,564

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranges from 30 to 150 days (2021: 30 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group is retention sum receivable of RM6,174,448 (2021: RM3,541,914). The retention sum is receivable upon the expiry of defect liability period as provided in the contracts with customers.

Receivables that are impaired

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

	Note	Group	
		2022 RM	2021 RM
At 1 January		-	-
Impairment loss during the financial year	22	1,619,965	-
At 31 December		1,619,965	-

The information about the credit risk exposures are disclosed in Note 27(b)(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

10. TRADE AND OTHER RECEIVABLES *cont'd*

(b) Amount owing by subsidiaries

Amount owing by subsidiaries are unsecured, non-interest bearing and repayable upon demand.

(c) Advance payments

Being advance payment for the purchase of raw materials.

11. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	21,839,943	27,213,021	4,948,958	13,002,234
Short-term deposits	32,018	8,198,464	-	-
	21,871,961	35,411,485	4,948,958	13,002,234

For the purpose of statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Short-term deposits	32,018	8,198,464	-	-
Less: Pledged deposits	(32,018)	(5,198,464)	-	-
	-	3,000,000	-	-
Cash and bank balances	21,839,943	27,213,021	4,948,958	13,002,234
	21,839,943	30,213,021	4,948,958	13,002,234

Short-term deposits placed with licensed banks of the Group have been pledged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 14.

12. SHARE CAPITAL

	Group/Company		Group/Company	
	Number of shares 2022	Number of shares 2021	Amount 2022	Amount 2021
	Unit	Unit	RM	RM
Issued and fully paid up (no par value):				
At 1 January/31 December	800,000,000	800,000,000	217,655,644	217,655,644

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company did not issue any new shares or debentures during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

12. SHARE CAPITAL *cont'd*

Warrants 2022/2027

On 1 November 2022, the Company bonus issued 400,000,000 warrants on the basis of 1 warrant for every 2 existing ordinary shares held in the Company.

The salient terms of the Warrants 2022/2027 are as follows:

- (a) The warrants are constituted by a Deed Poll executed on 11 October 2022;
- (b) The warrants are traded separately;
- (c) Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at an exercise price of RM0.275 per share. Warrants are exercisable any time during the tenure of 5 years commencing from the date of issue, 1 November 2022 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and shall cease to be valid;
- (d) The exercise price of RM0.275 per share shall be subject to adjustments in accordance with the provisions of the Deed Poll; and
- (e) The Warrants do not entitle the warrant holders to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of further securities in the Company until and unless such warrant holders become shareholders of the Company by exercising their warrant for new ordinary share in the Company.

None of the Warrants 2022/2027 have been exercised since the date of issue.

13. REORGANISATION RESERVE

	Group	
	2022	2021
	RM	RM
At 1 January/31 December	(120,947,002)	(120,947,002)

Reorganisation reserve represents the difference between the purchase consideration to acquire Southern, Nextol and Daya and the share capital of the Company as upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

14. LOANS AND BORROWINGS

		Group	
		2022	2021
	Note	RM	RM
Non-current:			
Term loans	(a)	3,890,482	5,048,669
Lease liabilities	(b)	2,293,501	3,580,353
		<u>6,183,983</u>	<u>8,629,022</u>
Current:			
Term loans	(a)	976,701	1,300,699
Lease liabilities	(b)	2,011,546	2,214,459
Bankers' acceptance	(c)	208,566,186	154,585,918
		<u>211,554,433</u>	<u>158,101,076</u>
Total loans and borrowings:			
Term loans	(a)	4,867,183	6,349,368
Lease liabilities	(b)	4,305,047	5,794,812
Bankers' acceptance	(c)	208,566,186	154,585,918
		<u>217,738,416</u>	<u>166,730,098</u>

(a) Term loans

Term loans of the Group bears interest ranging from 4.97% to 7.47% (2021: 3.97% to 6.64%) per annum and are secured and supported as follows:

- (i) Legal charge over freehold land and buildings of subsidiaries as disclosed in Note 5;
- (ii) Legal charge over leasehold land and buildings of a subsidiary as disclosed in Note 6;
- (iii) Joint and several guarantee by several directors of the Group; and
- (iv) Corporate guarantee by a related company.

(b) Lease liabilities

Certain plant and machineries, motor vehicles and factory equipment of the Group as disclosed in Note 5 and Note 6 are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term. The effective interest rate ranges from 3.87% to 5.91% (2021: 3.90% to 6.68%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

14. LOANS AND BORROWINGS *cont'd*

(b) Lease liabilities *cont'd*

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

	Group	
	2022	2021
	RM	RM
Minimum lease payments:		
Not later than one year	2,167,417	2,443,722
Later than one year but not later than five years	2,414,010	3,796,268
	4,581,427	6,239,990
Less: Future finance charges	(276,380)	(445,178)
Present value of minimum lease payments	4,305,047	5,794,812
Present value of minimum lease payments payable:		
Not later than one year	2,011,546	2,214,459
Later than one year but not later than five years	2,293,501	3,580,353
	4,305,047	5,794,812
Less: Amount due within twelve months	(2,011,546)	(2,214,459)
Amount due after twelve months	2,293,501	3,580,353

(c) Bankers' acceptance

The bankers' acceptance bears interests ranging from 3.49% to 5.59% (2021: 2.47% to 3.62%) per annum and is secured and supported as follows:

- (i) Legal charge over leasehold land and building of a subsidiary as disclosed in Note 6;
- (ii) Letter of set-off over first party short-term deposits as disclosed in Note 11; and
- (iii) Corporate guarantee by a related company.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

15. DEFERRED TAX LIABILITIES

	As at 1 January 2022	Recognised in profit or loss (Note 24)	As at 31 December 2022
Group	RM	RM	RM
Deferred tax liabilities:			
Property, plant and equipment	5,490,376	2,268,736	7,759,112

	As at 1 January 2021	Recognised in profit or loss (Note 24)	As at 31 December 2021
Group	RM	RM	RM
Deferred tax liabilities:			
Property, plant and equipment	3,027,056	2,463,320	5,490,376

Unrecognised deferred tax assets

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

	Group	
	2022	2021
	RM	RM
Deductible temporary different of property, plant and equipment	-	11,800
Unused tax losses	-	122,200
Unabsorbed capital allowances	-	64,900
Unclaimed lease liabilities	-	4,200
	-	203,100

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unused tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

16. PROVISION

	2022 RM	2021 RM
Short-term compensated leaves		
At 1 January	387,429	176,894
Recognised in profit or loss	221,101	387,429
Utilised/paid during the financial year	(387,429)	(176,894)
At 31 December	221,101	387,429

The provision is made for short-term compensated leaves for employees and is based on the number of days of outstanding compensated leaves of each employee multiplied by their respective salary/wages as at year end.

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Trade					
Trade payables	(a)	21,165,226	30,865,792	-	-
Non-trade					
Other payables		31,840,413	29,054,594	22,081	13,992
Accruals		3,007,535	2,366,207	287,600	273,000
		34,847,948	31,420,801	309,681	286,992
Total trade and other payables		56,013,174	62,286,593	309,681	286,992

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii).

18. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2022 RM	2021 RM
Derivatives used for hedging:		
Forward foreign exchange contracts	966,688	607,213

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

18. DERIVATIVE FINANCIAL LIABILITIES *cont'd*

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the Group's outstanding forward foreign exchange contracts as at 31 December 2022 were RM53,610,865 (2021: RM70,878,397).

Fair value hedge

	Carrying amount RM	Change in fair value RM	Nominal value RM	Line item in the financial statements
31 December 2022				
Derivatives used for hedging:				
Forward foreign exchange contracts	966,688	359,475	53,610,865	Derivatives liabilities
31 December 2021				
Derivatives used for hedging:				
Forward foreign exchange contracts	607,213	458,582	70,878,397	Derivatives liabilities

19. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract with with customers:				
Manufacturing of cables and wires	867,176,112	652,970,685	-	-
Related products and services	8,703,328	6,968,649	-	-
	875,879,440	659,939,334	-	-
Revenue from other source:				
Dividend income	-	-	3,200,000	6,750,000
	875,879,440	659,939,334	3,200,000	6,750,000
Timing of revenue recognition				
At a point in time	875,879,440	659,939,334	-	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

20. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Interest income	194,622	1,008,916	10,570	238,519
Insurance claimed	81,575	-	-	-
Gain on disposal of property, plant and equipment	8,070	46,999	-	-
Net realised foreign exchange gain	493,850	-	-	-
Net unrealised foreign exchange gain	607,979	574,232	-	-
Sundry income	958,692	625,053	-	-
Sales of scrap	72,963	151,826	-	-
	<u>2,417,751</u>	<u>2,407,026</u>	<u>10,570</u>	<u>238,519</u>

21. FINANCE COSTS

	Group	
	2022	2021
	RM	RM
Interest expenses on:		
- Term loans	237,585	192,989
- Lease liabilities	245,374	362,669
- Bankers' acceptance	7,554,490	5,001,040
- Bank overdrafts	21,290	9,704
- Others	283,203	274,736
	<u>8,341,942</u>	<u>5,841,138</u>

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

22. 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration				
- Current year	142,000	125,000	33,000	25,000
- Other	5,000	64,000	5,000	64,000
Depreciation of property, plant and equipment	5,837,069	4,706,369	-	-
Depreciation of right-of-use assets	2,334,095	2,705,414	-	-
Depreciation of investment properties	6,487	6,486	-	-
Employee benefits expense	31,339,060	26,811,241	249,600	248,000
Expense relating to lease of low value asset	6,977	1,864	-	-
Expense relating to short-term lease	17,900	107,468	-	-
Fair value loss on derivative financial instruments	359,475	458,582	-	-
Gain on disposal of property, plant and equipment	(8,070)	-	-	-
Impairment loss on trade receivables	1,619,965	-	-	-
Property, plant and equipment written off	1	2	-	-
Right-of-use assets written off	-	7,871	-	-
Net unrealised foreign exchange gain	(607,979)	(574,232)	-	-
Net realised foreign exchange (gain)/loss	(493,850)	258,851	-	-

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, allowances and bonuses	27,512,222	24,177,378	249,600	248,000
Defined contribution plans	2,106,537	1,987,493	-	-
Provision for employee benefits (net)	(166,328)	210,535	-	-
Other staff related expenses	1,886,629	435,835	-	-
	31,339,060	26,811,241	249,600	248,000

Employee benefits expense include staff cost under cost of sales, administrative expenses and distribution expenses.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

23. EMPLOYEE BENEFITS EXPENSE *cont'd*

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Included in employee benefits expense are:				
Directors' remuneration				
- Fees	240,000	240,000	240,000	240,000
- Salaries, allowances and bonuses	2,066,744	1,990,853	9,600	8,000
- Defined contribution plans	219,516	213,420	-	-
- Other staff related expenses	3,733	3,641	-	-
- Benefits-in-kind	34,800	34,800	-	-
	<u>2,564,793</u>	<u>2,482,714</u>	<u>249,600</u>	<u>248,000</u>

24. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current income tax:				
- Current income tax charge	2,885,242	1,289,300	2,273	-
- Adjustment in respect of prior years	160,326	(348,302)	54,698	6,888
	<u>3,045,568</u>	<u>940,998</u>	<u>56,971</u>	<u>6,888</u>
Deferred tax (Note 15):				
- Origination of temporary differences	2,406,036	2,308,220	-	-
- Adjustments in respect of in prior years	(137,300)	155,100	-	-
	<u>2,268,736</u>	<u>2,463,320</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>5,314,304</u>	<u>3,404,318</u>	<u>56,971</u>	<u>6,888</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

24. INCOME TAX EXPENSE *cont'd*

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	19,858,682	14,310,133	2,230,977	5,410,483
Tax at the Malaysian statutory income tax rate of 24% (2021: 24%)	4,766,084	3,434,432	535,434	1,298,516
Adjustments:				
Income not subject to tax	(6,101)	(253,200)	(770,537)	(1,677,200)
Non-deductible expenses	1,591,526	1,225,488	237,376	378,684
Deferred tax not recognised on temporary differences	-	85,900	-	-
Utilisation of unrecognised deferred tax asset	(196,031)	-	-	-
Utilisation of reinvestment allowance claimed	(864,200)	(895,100)	-	-
Adjustments in respect of current income tax in prior years	160,326	(348,302)	54,698	6,888
Adjustments in respect of deferred tax in prior years	(137,300)	155,100	-	-
Income tax expense	5,314,304	3,404,318	56,971	6,888

25. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic 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, calculated as follows:

	Group	
	2022	2021
Profit attributable to owners of the Company (RM)	14,544,378	10,905,815
Weighted average number of ordinary shares for basic earnings per share (unit)	800,000,000	800,000,000
Basic earnings per ordinary share (sen)	1.82	1.36

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

25. EARNINGS PER SHARE *cont'd*

(b) Diluted earnings per ordinary share

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 ordinary shares into ordinary shares, calculated as follows:

	Group	
	2022	2021
Profit attributable to owners of the Company (RM)	14,544,378	10,905,815
Weighted average number of ordinary shares for basic earnings per share (unit)	800,000,000	800,000,000
Effect of dilution from:		
- Warrants	13,526,570	-
Weighted average number of ordinary shares for diluted earnings per share (unit)	813,526,570	800,000,000
Diluted earnings per ordinary share (sen)	1.79	1.36

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation for release of these financial statements.

26. DIVIDENDS

	Group/Company	
	2022	2021
	RM	RM
Recognised during the financial year:		
Single tier final dividend of 0.21 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 29 July 2022	1,680,000	-
Single tier final dividend of 0.40 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 16 July 2021	-	3,200,000

At the forthcoming Annual General Meeting, a single tier final dividend of 0.28 sen (2021: 0.21 sen) per ordinary share, amounting to RM2,240,000 (2021: RM1,680,000) in respect of the current financial year, based on the number of outstanding ordinary shares in issue as at 31 December 2022, will be proposed for the shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. 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
- (ii) FVPL

	Carrying amount RM	Amortised cost RM	FVPL RM
As at 31 December 2022			
Financial assets			
Group			
Trade and other receivables less prepayments and advance payment	214,747,537	214,747,537	-
Cash and short-term deposits	21,871,961	21,871,961	-
	<u>236,619,498</u>	<u>236,619,498</u>	<u>-</u>
Company			
Other receivable	65,940,808	65,940,808	-
Cash and short-term deposits	4,948,958	4,948,958	-
	<u>70,889,766</u>	<u>70,889,766</u>	<u>-</u>
Financial liabilities			
Group			
Loans and borrowings	217,738,416	217,738,416	-
Trade and other payables	56,013,174	56,013,174	-
Derivative financial liabilities	966,688	-	966,688
	<u>274,718,278</u>	<u>273,751,590</u>	<u>966,688</u>
Company			
Other payables	309,681	309,681	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*(a) Categories of financial instruments *cont'd*

	Carrying amount RM	Amortised cost RM	FVPL RM
As at 31 December 2021			
Financial assets			
Group			
Trade and other receivables less prepayments and advance payment	195,090,022	195,090,022	-
Cash and short-term deposits	35,411,485	35,411,485	-
	<u>230,501,507</u>	<u>230,501,507</u>	<u>-</u>
Company			
Other receivable less prepayments	57,368,564	57,368,564	-
Cash and short-term deposits	13,002,234	13,002,234	-
	<u>70,370,798</u>	<u>70,370,798</u>	<u>-</u>
Financial liabilities			
Loans and borrowings	166,730,098	166,730,098	-
Trade and other payables	62,286,593	62,286,593	-
Derivative financial liabilities	607,213	-	607,213
	<u>229,623,904</u>	<u>229,016,691</u>	<u>607,213</u>
Company			
Other payables	<u>286,992</u>	<u>286,992</u>	<u>-</u>

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's and the Company's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade receivables

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

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, The Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group has no significant concentration of credit risk from its receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment 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 are as follows:

	Group	
	2022	2021
	RM	RM
Current (not past due)	127,441,576	117,573,234
1 to 30 days past due	45,211,872	33,552,344
31 to 60 days past due	9,258,932	15,984,960
61 to 90 days past due	6,412,486	10,929,972
91 to 120 days past due	3,714,959	5,296,923
More than 120 days past due	22,020,499	11,344,533
	214,060,324	194,681,966
Impairment losses: individually assessed	1,619,965	-
	215,680,289	194,681,966

As at the end of the reporting date, the Group and the Company consider the trade receivables as low credit risk.

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Other receivables and other financial assets *cont'd*

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 the initial recognition of an 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 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.

The Group and the Company provide advances to joint ventures and subsidiaries. Certain advances to joint ventures and subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the joint venture and subsidiary do not have sufficient liquid reserves when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired amount due from subsidiaries, the Group and the Company consider these financial assets to be of low credit risk, for which no material loss allowance is required.

Financial guarantee contracts

The Group is exposed to credit risk in relation to financial guarantees given to banks in respect of performance and warranty bonds issued to certain customers.

The maximum exposure to credit risks amounts to RM50,527,220 (2021: RM29,217,846), representing the maximum amount the Group could pay if the guarantees are called.

Generally, the Group considers the financial guarantees to be of low credit risk as the guarantees are provided as performance and warranty bonds on delivery performance.

The Group monitors delivery performance on an on-going basis. As at the reporting date, there was no indication of any delivery performance issues.

As at the reporting date, there was no loss allowance for impairment as determined by the Group for the financial guarantees.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

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

	Contractual cash flows				Total
	Carrying amount	On demand or within one year	Between one to five years	More than five years	
	RM	RM	RM	RM	RM
As at 31 December 2022					
Financial liabilities					
Group					
Term loans	4,867,183	1,229,468	3,165,128	1,191,755	5,586,351
Lease liabilities	4,305,047	2,167,417	2,481,704	-	4,649,121
Bankers' acceptance	208,566,186	208,566,186	-	-	208,566,186
Trade and other payables	56,013,174	56,013,174	-	-	56,013,174
Derivative financial liabilities	966,688	966,688	-	-	966,688
	274,718,278	268,942,933	5,646,832	1,191,755	275,781,520
Company					
Other payables	309,681	309,681	-	-	309,681

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*(b) Financial risk management *cont'd*(ii) 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 based on contractual undiscounted repayment obligations are as follows: *cont'd*

		Contractual cash flows				
	Carrying amount	On demand or within one year	Between one to five years	More than five years	Total	
	RM	RM	RM	RM	RM	
As at 31 December 2021						
Financial liabilities						
Group						
Term loans	6,349,368	1,236,178	4,360,226	1,702,280	7,298,684	
Lease liabilities	5,794,812	2,443,722	3,796,268	-	6,239,990	
Bankers' acceptance	154,585,918	154,585,918	-	-	154,585,918	
Trade and other payables	62,286,593	62,286,593	-	-	62,286,593	
Derivative financial liabilities	607,213	607,213	-	-	607,213	
	229,623,904	221,159,624	8,156,494	1,702,280	231,018,398	
Company						
Other payables	286,992	286,992	-	-	286,992	

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's trade and other receivables, cash and bank balances and trade and other payables.

Management has set up a policy that requires all companies within the Group to manage their treasury activities and exposures. The Group's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Foreign currency risk *cont'd*

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group	
	2022	2021
	RM	RM
Trade receivables		
United States Dollar ("USD")	13,642,442	2,195,590
Cash and bank balances		
USD	268,230	7,161,030
Trade payables		
USD	(3,684,962)	(3,601,730)
Other payables		
USD	(78,717)	(32,020)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in rate	Effect on profit for the financial year	Effect on equity
	%	RM	RM
Group:			
31 December 2022			
USD	+15%	1,156,757	1,156,757
	-15%	(1,156,757)	(1,156,757)
31 December 2021			
USD	+15%	652,407	652,407
	-15%	(652,407)	(652,407)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings and short-term deposits with floating interest rates.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*(b) Financial risk management *cont'd*(iv) Interest rate risk *cont'd*Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in basis points	Effect on profit for the financial year RM	Effect on equity RM
Group:			
31 December 2022			
Term loans	+50	(18,495)	-
	-50	18,495	-
Bankers' acceptance	+50	(792,552)	-
	-50	792,552	-
Short-term deposits	+50	122	-
	-50	(122)	-
31 December 2021			
Term loans	+50	(24,128)	-
	-50	24,128	-
Bankers' acceptance	+50	(587,426)	-
	-50	587,426	-
Short-term deposits	+50	31,154	-
	-50	(31,154)	-

(c) Fair value measurement

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

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2021: no transfers in either direction).

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

(c) Fair value measurement *cont'd*

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

Group	Carrying amount	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value				
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
31 December 2022											
Financial liabilities											
Term loans	3,890,482	-	-	-	-	-	-	-	3,708,586	3,708,586	
Derivative financial liabilities	966,688	-	966,688	-	966,688	-	-	-	-	-	
31 December 2021											
Financial liabilities											
Term loans	5,048,669	-	-	-	-	-	-	-	4,960,697	4,960,697	
Derivative financial liabilities	607,213	-	607,213	-	607,213	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

(c) Fair value measurement *cont'd*

Level 2 fair value

Fair value of financial instruments carried at fair value

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of liability component of term loans is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rate of similar liabilities.

28. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2022	2021
	RM	RM
Capital expenditures contracted but not provided for:		
- Plant and machineries, Construction of buildings and Enterprise Resource Planning information technology system	6,596,298	7,518,191
Capital expenditures not contracted and not provided for:		
- Construction of buildings and Enterprise Resource Planning information technology system	7,952,727	9,401,601
	<u>14,549,025</u>	<u>16,919,792</u>

29. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entities in which directors have substantial financial interest;
- (iii) A person(s) connected to a director; and
- (iv) Key management personnel of the company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

29. RELATED PARTIES *cont'd*

(b) Significant related party transactions

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Rental expense charged by				
A person connected to a director	54,000	54,000	-	-
Dividend received				
Subsidiaries	-	-	3,200,000	6,750,000

(c) Compensation of key management personnel

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Fees	240,000	240,000	240,000	240,000
Salaries, allowances and bonuses	3,055,134	3,248,018	9,600	8,000
Defined contribution plans	340,076	361,925	-	-
Other staff related expenses	20,411	22,681	-	-
Benefits-in-kind	73,000	73,000	-	-
	3,728,621	3,945,624	249,600	248,000

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using net gearing ratio. The net gearing ratio is calculated as total net debts divided by equity attributable to the owners of the Group. The net gearing ratio as at 31 December 2022 and 31 December 2021 are as follows:

		Group	
	Note	2022	2021
		RM	RM
Loans and borrowings	14	217,738,416	166,730,098
Less: Cash and short-term deposits	11	(21,871,961)	(35,411,485)
Total net debts		195,866,455	131,318,613
Total equity		287,831,228	274,966,850
Net gearing ratio (times)		0.68	0.48

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

30. CAPITAL MANAGEMENT *cont'd*

There were no bank borrowings for the Company for the financial years ended 31 December 2022 and 31 December 2021. Accordingly, calculation of net debts equity ratio is not meaningful to the Company. There were no changes in the Group's approach to capital management during the financial years under review.

The Group is required to comply with externally imposed capital requirements on current ratio, leverage ratio and maintain certain net worth in respect of its bank borrowings. The Group has complied with those capital requirements.

31. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the directors for the purpose of making decisions about resources allocation and performance assessment.

The four reportable operating segments are as follows:

Segments	Product and services
Power cables and wires	Used in electrical systems for the distribution of power.
Communications cables and wires	Used to transmit data including text, sound and images by using electrical current of various frequencies.
Control and instrumentation cables and wires	Used to transmit electrical signals and data to measure, monitor, control and regulate industrial process automation plants.
Related products and services	Includes manufacture of copper and aluminium rod, plastic compound, wooden cable drums, trading and supply of cables and wires.

Inter-segment pricing is determined on negotiated basis.

Segments profit

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segments assets

Segments assets information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segments assets.

Segments liabilities

Segments liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segments liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

31. SEGMENT INFORMATION *cont'd*

	Note	Control and				Adjustments and eliminations	Total
		Power cables and wires	Communication cables and wires	instrumentation cables and wires	Related products and services		
		RM	RM	RM	RM	RM	RM
31 December 2021							
Revenue:							
Revenue from external customers		572,607,316	13,703,025	14,668,820	58,960,173	-	659,939,334
Inter-segment revenue	A	-	-	-	24,289,578	(24,289,578)	-
		572,607,316	13,703,025	14,668,820	83,249,751	(24,289,578)	659,939,334
Segment profit							
Other income		33,133,745	1,291,065	1,130,843	3,681,949	4,253	39,241,855
Unallocated expenses							2,407,026
Finance costs							(21,497,610)
Income tax expense							(5,841,138)
Profit for the financial year							(3,404,318)
							10,905,815
Results:							
<i>Included in the measure of segments profit are:</i>							
Employee benefits expense							26,811,241
Depreciation and amortisation							7,418,269

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

31. SEGMENT INFORMATION *cont'd*

A. Inter-segment revenue

Inter-segment revenues are eliminated on combination.

Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
31 December 2022		
Local	850,236,593	92,861,904
Overseas	25,642,847	-
	<u>875,879,440</u>	<u>92,861,904</u>
31 December 2021		
Local	641,279,555	87,456,724
Overseas	18,659,779	-
	<u>659,939,334</u>	<u>87,456,724</u>

The Group operates predominantly in Malaysia and hence, non-current assets are all held in Malaysia.

Information about major customers

For power cables and wires, communication cables and wires and control and instrumentation cables and wires, revenue from one customer represented approximately RM211,107,803 (2021: RM148,131,794) of the Group's total revenue.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **TUNG ENG HAI** and **WONG MENG KEE**, being two of the directors of SOUTHERN CABLE GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 57 to 122 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 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

TUNG ENG HAI

Director

Penang

Date: 31 March 2023

WONG MENG KEE

Director

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **SONG SWEE KIM**, being the officer primarily responsible for the financial management of SOUTHERN CABLE GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 57 to 122 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.

SONG SWEE KIM

(MIA Membership No: 27362)

Subscribed and solemnly declared by the abovenamed at George Town in the State of Penang on 31 March 2023.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the members of Southern Cable Group Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southern Cable Group Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with 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 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 (Note 9 to the financial statements)

The Group accounting policy is to use standard costing in measuring its finished goods, which includes an element of estimation in the allocation of overhead costs. We considered this to be a key audit matter given the level of judgements involved in determining the cost of inventories and the significant balances of inventories.

Our response:

Our audit procedures included, among others:

- understanding the management's process in the application of standard costing in measuring its inventories, including the allocation of overhead costs;
- testing the costing on samples of inventories by recomputing the elements which made up the standard cost; and
- observing year end physical inventory count to observe physical existence and condition of the inventories and understanding the design and implementation of controls during the count.

INDEPENDENT AUDITORS' REPORT

to the members of Southern Cable Group Berhad
Cont'd

Key Audit Matters *cont'd*

Group

Trade receivables (Note 10 to the financial statements)

The Group has significant trade receivables as at 31 December 2022. We focused on this area because the Group made significant judgements over assumptions about the risk of default and expected loss rate with uncertainty involved on assessing customer's specific conditions, credit history as well as forward looking information.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;
- discussing with management the significant credit exposures of receivables which were significantly overdue through understanding of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and understanding explanation from management on recoverability of receivables with significant past due balances; and
- discussing with management the reasonableness of any impairment loss provided as at the end of the reporting period.

Company

We have determined that there are no key audit matters to communicate in our report which arose 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

to the members of Southern Cable Group Berhad

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 and the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and 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 the 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

to the members of Southern Cable Group Berhad
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, actions taken to eliminate threats or safeguards applied.

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

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

Dato' Lock Peng Kuan
No. 02819/10/2022 J
Chartered Accountant

Kuala Lumpur

Date: 31 March 2023

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

Total Number of Issued Shares	:	800,000,000 ordinary shares
Class of Equity Securities	:	Ordinary shares ("shares")
Voting Rights by Show of Hands	:	One vote for every member
Voting Rights by Poll	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	1	0.02	49	-
100 – 1,000	358	6.82	230,300	0.03
1,001 – 10,000	2,235	42.60	13,825,151	1.73
10,001 – 100,000	2,207	42.06	80,845,600	10.11
100,001 – less than 5% of issued shares	444	8.46	218,546,088	27.32
5% and above of issued shares	2	0.04	486,552,812	60.82
TOTAL:	5,247	100.00	800,000,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Sino Shield Sdn. Bhd. ("Sino")	285,524,412	35.69	-	-
Semangat Handal Sdn. Bhd. ("Semangat")	201,028,400	25.13	-	-
Tung Eng Hai	2,100,000	0.26	285,524,412 ⁽¹⁾	35.69
Ooi Gaik Bee	-	-	287,624,412 ⁽¹⁾	35.95
Wong Meng Kee	1,459,204	0.18	292,388,412 ⁽²⁾	36.55
Tung Cheng Im	6,864,000	0.86	286,983,616 ⁽³⁾	35.87
Fawiza Binti Faiz	-	-	201,028,400 ⁽⁴⁾	25.13

Notes:

- (1) Deemed interested by virtue of his/her shareholdings in Sino pursuant to Section 8(4) of the Companies Act 2016 ("Act").
- (2) Deemed interested by virtue of his shareholdings in Sino pursuant to Section 8(4) of the Act, his spouse, Tung Cheng Im's direct shareholdings in the Company pursuant to Section 221(9) of the Act.
- (3) Deemed interested by virtue of her spouse, Wong Meng Kee's direct and indirect shareholdings in the Company.
- (4) Deemed interested by virtue of her shareholdings in Semangat pursuant to Section 8(4) of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

Cont'd

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tung Eng Hai	2,100,000	0.26	285,524,412 ⁽¹⁾	35.69
Wong Meng Kee	1,459,204	0.18	292,388,412 ⁽²⁾	36.55
Rizvi Bin Abd Halim	400,000	0.05	-	-
Wong Kar Wai	600,000	0.08	-	-
Eugene Lee Cheng Hoe	400,000	0.05	-	-
Daphne Choy Gaik Hoe	400,000	0.05	-	-

Notes:

(1) Deemed interested by virtue of his shareholdings in Sino pursuant to Section 8(4) of the Act.

(2) Deemed interested by virtue of his shareholdings in Sino pursuant to Section 8(4) of the Act, his spouse, Tung Cheng Im's direct shareholdings in the Company pursuant to Section 221(9) of the Act.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2023

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1	Sino Shield Sdn. Bhd.	285,524,412	35.69
2	Semangat Handal Sdn. Bhd.	201,028,400	25.13
3	Tung Siew Luan	12,700,800	1.59
4	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Yeaw Seng (M01)</i>	9,808,100	1.23
5	Tung Cheng Im	6,864,000	0.86
6	Tan Chin Keat	4,600,008	0.58
7	HSBC Nominees (Asing) Sdn. Bhd. <i>J.P. Morgan Securities PLC</i>	4,451,100	0.56
8	Oan Yee Lai	4,265,000	0.53
9	Teh Kiak Seng	4,000,000	0.50
10	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Teh Kiak Seng</i>	3,980,000	0.50
11	Ooi Hock Guan	3,445,000	0.43
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Kuan Gout (M11)</i>	3,230,900	0.40
13	Shu Lay Ee	3,011,100	0.38
14	Wong Hock Wah	2,750,000	0.34
15	Tan Chee Tat	2,254,800	0.28
16	Yeoh Chin Kiang	2,164,000	0.27
17	Tung Eng Hai	2,100,000	0.26
18	Heng Chee Khiang	2,012,000	0.25
19	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Lim Kok Khong (AA0039387)</i>	2,000,000	0.25

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

Cont'd

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2023 *cont'd*

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
20	Ong Choo Chuan	1,928,000	0.24
21	Chong Yuen Fong	1,920,200	0.24
22	So Kean Thong	1,874,000	0.23
23	HSBC Nominees (Asing) Sdn. Bhd. <i>Morgan Stanley & Co. International PLC (Firm A/C)</i>	1,665,600	0.21
24	Tung Cheng Suan	1,665,000	0.21
25	Poh Chean Juan	1,501,000	0.19
26	Ooi Sing Hwat	1,500,000	0.19
27	Sin Hock	1,500,000	0.19
28	Teh Deng Wei	1,500,000	0.19
29	Wong Meng Kee	1,459,204	0.18
30	Chan Wing Ngon	1,430,000	0.18

ANALYSIS OF WARRANT HOLDINGS

As at 31 March 2023

Type of Convertible Securities	:	Warrants 2022/2027
Total Number of Warrants	:	400,000,000
Exercise Price	:	RM0.2750
Exercise Period	:	1 November 2022 to 31 October 2027

DISTRIBUTION SCHEDULE OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	130	2.87	6,457	-
100 - 1,000	561	12.40	373,975	0.09
1,001 - 10,000	2,197	48.55	11,025,900	2.76
10,001 - 100,000	1,283	28.35	45,480,768	11.37
100,001 - less than 5% of the no. of issued Warrants	353	7.80	200,350,694	50.09
5% and above of the no. of issued Warrants	1	0.02	142,762,206	35.69
TOTAL:	4,525	100	400,000,000	100

DIRECTORS' WARRANT HOLDINGS

(As per the Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Tung Eng Hai	1,050,000	0.26	142,762,206 ⁽¹⁾	35.69
Wong Meng Kee	729,602	0.18	146,194,206 ⁽²⁾	36.55
Rizvi Bin Abd Halim	200,000	0.05	-	-
Wong Kar Wai	300,000	0.08	-	-
Eugene Lee Cheng Hoe	200,000	0.05	-	-
Daphne Choy Gaik Choo	200,000	0.05	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in Sino pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of his shareholdings in Sino pursuant to Section 8(4) of the Act, his spouse, Tung Cheng Im's direct shareholdings in the Company pursuant to Section 221(9) of the Act.

ANALYSIS OF WARRANT HOLDINGS

As at 31 March 2023

Cont'd

THIRTY LARGEST WARRANT HOLDERS AS AT 31 MARCH 2023

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Warrants held	%
1	Sino Shield Sdn. Bhd.	142,762,206	35.69
2	Lee Wei Ming	15,000,000	3.75
3	Hong Yeam Wah	10,000,000	2.50
4	Semangat Handal Sdn. Bhd.	8,323,200	2.08
5	Tung Siew Luan	6,350,400	1.59
6	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Beng Hoo</i>	5,289,700	1.32
7	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Christina Loh Yoke Lin (8111756)</i>	4,300,000	1.08
8	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yap Koon Teck (Penang-CL)</i>	4,100,000	1.03
9	Phua Lik Chin	3,675,400	0.92
10	Tung Cheng Im	3,432,000	0.86
11	Bea Chin Teck	2,650,000	0.66
12	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Toh Su See</i>	2,600,000	0.65
13	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Len Book Learn</i>	2,463,600	0.62
14	Tan Chin Keat	2,343,104	0.59
15	Yeoh Mei Mei	2,198,000	0.55
16	Kong Siang Wen	2,181,300	0.55
17	Nadia Ravindra	2,150,000	0.54
18	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yap Moi Cheng (E-SKN/SMY)</i>	2,017,800	0.50
19	Chin Chin Seong	2,000,000	0.50
20	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Ong Kok Cheng</i>	2,000,000	0.50
21	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong Teng Guan</i>	2,000,000	0.50
22	Teh Kiak Seng	2,000,000	0.50
23	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Teh Kiak Seng</i>	1,990,000	0.50
24	Ooi Hock Guan	1,722,500	0.43
25	Yap Moi Eng	1,600,000	0.40
26	Chan Cheong Pin	1,480,000	0.37
27	Chua Kian Lam	1,400,000	0.35
28	Cheong Yen Ching	1,390,100	0.35
29	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Tee Huei (MLK)</i>	1,363,900	0.34
30	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Lai Teow</i>	1,350,000	0.34

LIST OF PROPERTIES

As at 31 December 2022

Property	Description and Existing Use of Building/Land	Tenure	Land Area (sq ft)	Date of acquisition	Age of Building (years)	Net book value as at 31 Dec 2022 RM'000
1. Land and buildings Lots 35 and 42, Jalan Merbau Pulas, Kawasan Perusahaan Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	A single storey detached factory with double storey office Office and factory	Leasehold expiring on 10 December 2055 and 7 July 2055	194,999	1995	26	4,599
2. Land and buildings Lot 34, Jalan Merbau Pulas, Kawasan Perusahaan Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	A single storey and a three (3) storey factory Factory	Leasehold expiring on 16 April 2062	130,060	2005	16	5,709
3. Land and buildings Lots 43 and 44, Jalan Merbau Pulas, Kawasan Perusahaan Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	Two (2) units of single storey detached factory with double storey office Office and factory	Leasehold expiring on 14 June 2055	176,593	2007	Factory 15 Office 13	6,382
4. Land and building PT 4846, Kawasan Perusahaan Cendana, 08000 Sungai Petani, Kedah Darul Aman	A single storey detached factory with office Office and factory	Freehold	55,262	2008	Office 18 and factory 6	1,315
5. Land and buildings Lots 36 and 41, Jalan Merbau Pulas, Kawasan Perusahaan Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	Two (2) units of single storey detached factory and office Office, factory and warehouse	Leasehold expiring on 16 April 2062	194,999	2011	Office and warehouse 26 Office and factory 8 years	4,694

LIST OF PROPERTIES

As at 31 December 2022

Cont'd

	Property	Description and Existing Use of Building/Land	Tenure	Land Area (sq ft)	Date of acquisition	Age of Building (years)	Net book value as at 31 Dec 2022 RM'000
6	Land and buildings Lot 39, Jalan Merbau Pulas, Kawasan Perusahaan Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	A single storey detached factory Office and factory	Leasehold expiring on 6 September 2069 (with an option to renew for a further 39 years)	93,797	2013	3	3,217
7	Land and buildings PTD 12913, 46 Jalan Alam Jaya 1, Taman Perindustrian Alam Jaya, 81500 Pekan Nanas, Johor Darul Takzim	One and a half (1½) storey semi-detached factory and office Office and warehouse	Freehold	12,680	2017	6	2,149
8	Land and buildings No. 12A-G, Pusat Teknologi Sunsuria, Jalan Teknologi, Taman Sains Selangor, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan	One and a half (1½) storey semi-detached industrial building Office and warehouse	Leasehold expiring on 4 January 2110	11,055	2018	12	6,223
9	Land Lot 28, Kawasan Perindustrian Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	Vacant land Vacant	Leasehold expiring on 16 April 2062 (with an option to renew for a further 39 years)	119,307	2019	N/A	1,046
10	Land Lot 29, Kawasan Perindustrian Kuala Ketil, 09300 Kuala Ketil, Kedah Darul Aman	Vacant land Vacant	Leasehold expiring on 16 April 2062 (with an option to renew for a further 39 years)	115,206	2019	N/A	1,010

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting (“4th AGM” or “Meeting”) of SOUTHERN CABLE GROUP BERHAD (“Southern Cable” or “the Company”) will be held on a fully virtual basis and entirely via remote participation and electronic voting via an online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on Monday, 26 June 2023 at 2:00 p.m. or any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 1*
2. To approve the payment of a Final Dividend of 0.28 sen per ordinary share for the financial year ended 31 December 2022. *(Ordinary Resolution 1)*
3. To approve the payment of Directors’ fees and benefits of up to RM300,000.00 for the financial year ending 31 December 2023. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company’s Constitution:-
 - (i) Mr. Eugene Lee Cheng Hoe *(Ordinary Resolution 3)*
 - (ii) Ms. Daphne Choy Gaik Choo *(Ordinary Resolution 4)*
5. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting (“AGM”) and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without any modifications, the following resolutions:-

6. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”)** *(Ordinary Resolution 6)*

“THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT the Mandate shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

7. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

(Special Resolution)

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

8. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend of 0.28 sen per ordinary share in respect of the financial year ended 31 December 2022, if approved by the shareholders at the 4th AGM of the Company, will be paid on 28 July 2023 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 14 July 2023.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (i) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 14 July 2023 in respect of ordinary transfers; and
- (ii) Shares bought on Bursa Securities on a cum-entitlement basis according to the Rules of Bursa Securities.

By order of the Board

TEA SOR HUA (MACS 01324) (CCM PC NO. 201908001272)

Company Secretary

Petaling Jaya, Selangor Darul Ehsan
28 April 2023

NOTICE OF ANNUAL GENERAL MEETING

cont'd

Notes:

- (a) According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 ("Revised Guidance Note and FAQs"). The Revised Guidance Note and FAQs state that an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- (b) A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) who is entitled to present, participate, speak and to vote at the 4th AGM shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportions of his/her shareholdings to be represented by each proxy.
- (c) A proxy may, but need not, be a member of the Company. A proxy appointed to attend (in the form of real-time submission of typed texts) and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (d) 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 the seal or under the hand of an officer or attorney duly authorised.
- (e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (f) Where a member of the Company is an exempt authorised nominee which holds ordinary 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (g) The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be deposited at the office of the Company's Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned meeting, otherwise, the instrument of proxy should not be treated as valid. The proxy may also be lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>
- (h) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at **19 June 2023**. Only members whose names appear in the General Meeting Record of Depositors as at **19 June 2023** shall be entitled to attend, participate, speak (in the form of real-time submission of typed texts) and vote at the Meeting.
- (i) All the resolutions set out in this Notice of the Meeting will be put to vote by-poll.
- (j) The members are advised to refer to the Administrative Guide on the registration process for the Meeting.
- (k) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the Meeting at short notice. Kindly check Bursa Securities' website and the Company's website at <https://www.southerncable.com.my/> for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the audited financial statements. Hence, this Agenda is not put forward for voting.

2. Items 3 of the Agenda - Directors' Fees and Benefits

Pursuant to Section 230(1) of the Act, the Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the financial year ending 31 December 2023. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM of the Company for such shortfall.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

3. **Item 4 of the Agenda – Re-election of Directors**

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of six (6) Directors of the Company are to retire in pursuant to Clause 85 of the Company's Constitution.

Mr. Eugene Lee Cheng Hoe and Ms. Daphne Choy Gaik Choo ("Retiring Directors") who were appointed to the Board on 28 May 2019, will retire and being eligible, have offered themselves for re-election at the 4th AGM pursuant to Clause 85 of the Company's Constitution.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek for shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Directors' Profile on Pages 26 to 28 of the Company's Annual Report 2022.

4. **Item 6 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act**

The Ordinary Resolution 6 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will provide flexibility for the Company and empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the last AGM held on 27 June 2022 which will lapse at the conclusion of the Meeting.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

5. **Item 7 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")**

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF SOUTHERN CABLE GROUP BERHAD. ("THE COMPANY")

This is Appendix A referred to item 7 of the Agenda of the Notice of Fourth Annual General Meeting of the Company dated 28 April 2023.

Clause No.	Existing Clause	Proposed Clause
54 <i>Offer of new Shares</i>	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.	Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company. For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to

APPENDIX A

cont'd

Clause No.	Existing Clause	Proposed Clause
		be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible securities in proportion to the shareholdings of the existing Members.
125A <i>Validity of Electronic / Digital Signature</i>	New provision	<p>For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:</p> <ul style="list-style-type: none"> (a) a holder of Shares; (b) a Director (including Alternate Director); (c) a committee member; (d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative, <p>shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.</p>

ADMINISTRATIVE GUIDE

ADMINISTRATIVE GUIDE FOR THE FULLY VIRTUAL FOURTH ANNUAL GENERAL MEETING (“4TH AGM”)

Day and Date	: Monday, 26 June 2023
Time	: 2:00 p.m. or at any adjournment thereof
Online Meeting Platform	: https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657)
Mode of Communication	: 1) Pose questions to the Board of Directors of the Company (“ Board ”) via real-time submission of typed texts at the meeting platform during live streaming of the 4 th AGM. 2) Submit questions by logging into the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com prior to the 4 th AGM.

Dear Shareholders,

As a precautionary measure amid the COVID-19 outbreak, the Company’s 4th AGM will be conducted on a fully virtual basis via an Online Meeting Platform, as the safety of our members, Directors, staff and other stakeholders who will attend the 4th AGM is of paramount importance to us.

The conduct of a fully virtual 4th AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 (“**Revised Guidance Note and FAQs**”). The Revised Guidance Note and FAQs state that in a fully virtual general meeting, all meeting participants including the Chairman of the meeting, board members, senior management, and shareholders are required to participate in the meeting online. Physical gatherings no matter how small are prohibited.

According to the Revised Guidance Note and FAQs, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

We strongly encourage you to participate in the fully virtual 4th AGM via the Virtual Meeting Facilities provided to exercise your right as a member of the Company to participate (including to pose questions to the Board and/or Management of the Company) and vote at the 4th AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 4th AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our fully virtual 4th AGM has commenced. It is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

A. Entitlement to Participate in the 4th AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 June 2023 (General Meeting Record of Depositors) shall be eligible to participate in the meeting or appoint proxy(ies) to participate on his/her behalf.

B. Appointment of Proxy or Attorney or Corporate Representative

If you are unable to attend the 4th AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Shareholders who appoint proxy or attorney or authorised representative to participate via RPEV facilities at the 4th AGM must ensure that the duly executed Proxy Form is deposited in a hard copy form or by electronic means to Boardroom Share Registrars Sdn. Bhd. (“BSR”) not less than forty-eight (48) hours before the time appointed for holding the meeting, i.e. not later than **Saturday, 24 June 2023 at 2.00 p.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

ADMINISTRATIVE GUIDE

cont'd

1. In hardcopy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the office of the Company's Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

2. By electronic form

The proxy form can be electronically lodged to BSR via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Kindly refer to the Procedure for RPEV facilities above for guidance.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Company's Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than **Saturday, 24 June 2023 at 2.00 p.m.** to participate via RPEV facilities in the 4th AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate shareholder who has appointed a representative, please deposit the ORIGINAL Certificate of Appointment at the office of the Company's Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than **Saturday, 24 June 2023 at 2.00 p.m.** to participate via RPEV facilities in the 4th AGM. The Certificate of Appointment should be executed in the following manner:

1. If the corporate shareholder has a common seal, the Certificate of Appointment should be executed under the common seal in accordance with the constitution of the corporate shareholder.
2. If the corporate shareholder does not have a common seal, the Certificate of Appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - a. at least two (2) authorised officers, of whom one shall be a director; or
 - b. any director and/or authorised officers in accordance with the laws of the country under which the corporate shareholder is incorporated.

C. Revocation of Proxy

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our electronic 4th AGM yourself, please write to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before the meeting.

D. Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 4th AGM will be conducted by-poll. Poll administrators and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

ADMINISTRATIVE GUIDE



cont'd

E. Virtual Meeting Facilities

Procedure		Action
Before the day of the 4th AGM		
1.	Register Online with Boardroom Smart Investor Portal (For first time registration only)	<p>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</p> <ol style="list-style-type: none"> Access website https://investor.boardroomlimited.com Click <<Register>> to sign up as a user. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG, PNG or PDF format. Please enter a valid email address. Your registration will be verified and approved within one (1) business day and an email notification will be provided.
2.	Submit a request for remote participation	<p>Registration for remote access will be opened on 28 April 2023. Please note that the closing time to submit your request is at 2:00 p.m. on 24 June 2023 (48 hours before the commencement of the 4th AGM).</p> <p>Individual Members</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select SOUTHERN CABLE GROUP BERHAD FOURTH (4TH) ANNUAL GENERAL MEETING from the list of Corporate Meetings and click “Enter”. Click on “Register for RPEV”. Read and accept the General Terms & Conditions and click “Next”. Enter your CDS Account Number and thereafter submit your request. <p>Appointment of Proxy</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select SOUTHERN CABLE GROUP BERHAD FOURTH (4TH) ANNUAL GENERAL MEETING from the list of Corporate Meetings and click “Enter”. Click on “Submit eProxy Form”. Read and accept the General Terms and Conditions by clicking “Next” Enter your CDS Account Number and the number of securities held. Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies). Indicate your voting instructions – FOR or AGAINST or ABSTAIN. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate DISCRETIONARY. Review and confirm your proxy appointment. Click “Apply”. Download or print the eProxy form as acknowledgment. <p>Corporate Shareholders, Authorised Nominee, and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write to bsr.helpdesk@boardroomlimited.com by providing the name of the Member and CDS Account Number, accompanied by the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request. Please provide a copy of the Corporate Representative's or Proxy's MyKad (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address

ADMINISTRATIVE GUIDE

cont'd

Procedure		Action
Before the day of the 4th AGM		
3.	Email notification	a. You will receive notification(s) from BSR that your request(s) has/have been received and is/are being verified. b. Upon system verification against the General Meeting Record of Depositories as at 19 June 2023 , you will receive an email from BSR either approving or rejecting your registration for remote participation together with the Meeting ID and your remote access user ID and password. You will also be notified in the event your registration is rejected.
On the day of the 4th AGM		
4.	Login to the Meeting Platform	a. The Meeting Platform will be open for login one (1) hour before the commencement of the 4 th AGM. b. The Meeting Platform can be accessed via one of the following: <ul style="list-style-type: none"> ➤ Scan the QR Code provided in the email notification; or ➤ Navigate to the website at https://meeting.boardroomlimited.my c. Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5.	Participate	<p><i>[Note: Please follow the User Guides provided in the confirmation email above to view the live webcast, submit questions, and vote.]</i></p> a. If you would like to view the live webcast, select the broadcast icon.  b. If you would like to ask a question during the 4 th AGM, select the messaging icon.  c. Type your message within the chatbox and once completed, click the send button.
6.	Voting	a. Once polling has been opened, the polling icon will appear with the resolutions and your voting choices until the Chairman declares the end of the voting session. b. To vote, select your voting direction from the options provided. A confirmation message will appear to indicate that your vote has been received. c. To change your vote, re-select your voting preference. d. If you wish to cancel your vote, please press " Cancel ".
7.	End of Participation	Upon the announcement by the Chairman on the closure of the 4 th AGM, the live webcast will end.

Notes to RPEV facilities users:

- a. Should your application to join the 4th AGM be approved, the system will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to <https://meeting.boardroomlimited.my> on the day of the 4th AGM will indicate your presence at the virtual meeting.
- b. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet connection at your location and the device you use.
- c. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call BSR Help Line for assistance.

ADMINISTRATIVE GUIDE

cont'd

F. No Distribution of Door Gifts

There will be no distribution of door gifts for shareholders/proxies who join or participate in the 4th AGM.

G. No Recording or Photography

No recording or photography of the 4th AGM proceedings is allowed without the prior written permission of the Company.

H. Enquiry

If you have any enquiries prior to the 4th AGM, please contact the following during office hours from Monday to Friday (8:30 a.m. to 5:30. p.m.):

Boardroom Share Registrars Sdn. Bhd.

Address : 11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

General Line : 603-7890 4700

Fax Number : 603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

This page has been intentionally left blank.



SOUTHERN CABLE

SOUTHERN CABLE GROUP BERHAD

201901011439 (1320767-M)

(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We* _____ NRIC/Passport/Registration No.* _____
(Full name in block)

of _____
(Address)

with email address _____ mobile phone no. _____

being a member/members* of **SOUTHERN CABLE GROUP BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Fourth Annual General Meeting ("4th AGM" or "Meeting") of the Company to be held on a fully virtual basis and entirely via remote participation and electronic voting via an online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on Monday, 26 June 2023 at 2:00 p.m. or at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a Final Dividend of 0.28 sen per ordinary share for the financial year ended 31 December 2022.		
2.	To approve the payment of Directors' fees and benefits of up to RM300,000.00 for the financial year ending 31 December 2023.		
3.	To re-elect Mr. Eugene Lee Cheng Hoe as a Director of the Company.		
4.	To re-elect Ms. Daphne Choy Gaik Choo as a Director of the Company.		
5.	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company.		
6.	To approve the general authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company.		

*delete whichever is not applicable

Dated this _____ day of _____ 2023

Signature of Member(s)/Common Seal

Fold this flap for sealing

Then fold here

AFFIX
STAMP
HERE

The Share Registrar
SOUTHERN CABLE GROUP BERHAD
[Registration No. 201901011439 (1320767-M)]
c/o **Boardroom Share Registrars Sdn. Bhd.**
[199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

1st fold here

Notes:

- (a) According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 ("Revised Guidance Note and FAQs"). The Revised Guidance Note and FAQs state that an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- (b) A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) who is entitled to present, participate, speak and to vote at the 4th AGM shall be entitled to appoint more than one (1) proxy to attend and vote at the meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportions of his/her shareholdings to be represented by each proxy.
- (c) A proxy may but need not be a member of the Company. A proxy appointed to attend (in the form of real-time submission of typed texts) and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (d) 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 the seal or under the hand of an officer or attorney duly authorised.
- (e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (f) Where a member of the Company is an exempt authorised nominee which holds ordinary 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (g) The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be deposited at the office of the Company's Poll Administrator, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. The proxy may also be lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>.
- (h) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at **19 June 2023**. Only members whose names appear in the General Meeting Record of Depositors as at **19 June 2023** shall be entitled to attend, participate, speak (in the form of real-time submission of typed texts) and vote at the Meeting.
- (i) All the resolutions set out in this Notice of the Meeting will be put to vote by-poll.
- (j) The members are advised to refer to the Administrative Guide on the registration process for the Meeting.
- (k) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of the Meeting at short notice. Kindly check Bursa Securities' website and the Company's website at <https://www.southerncable.com.my/> for the latest updates on the status of the Meeting.

SOUTHERNCABLE.COM.MY

SOUTHERN CABLE GROUP BERHAD

(Registration No. 201901011439 (1320767-M))
(Incorporated in Malaysia)