

Annual  
Report  
2020



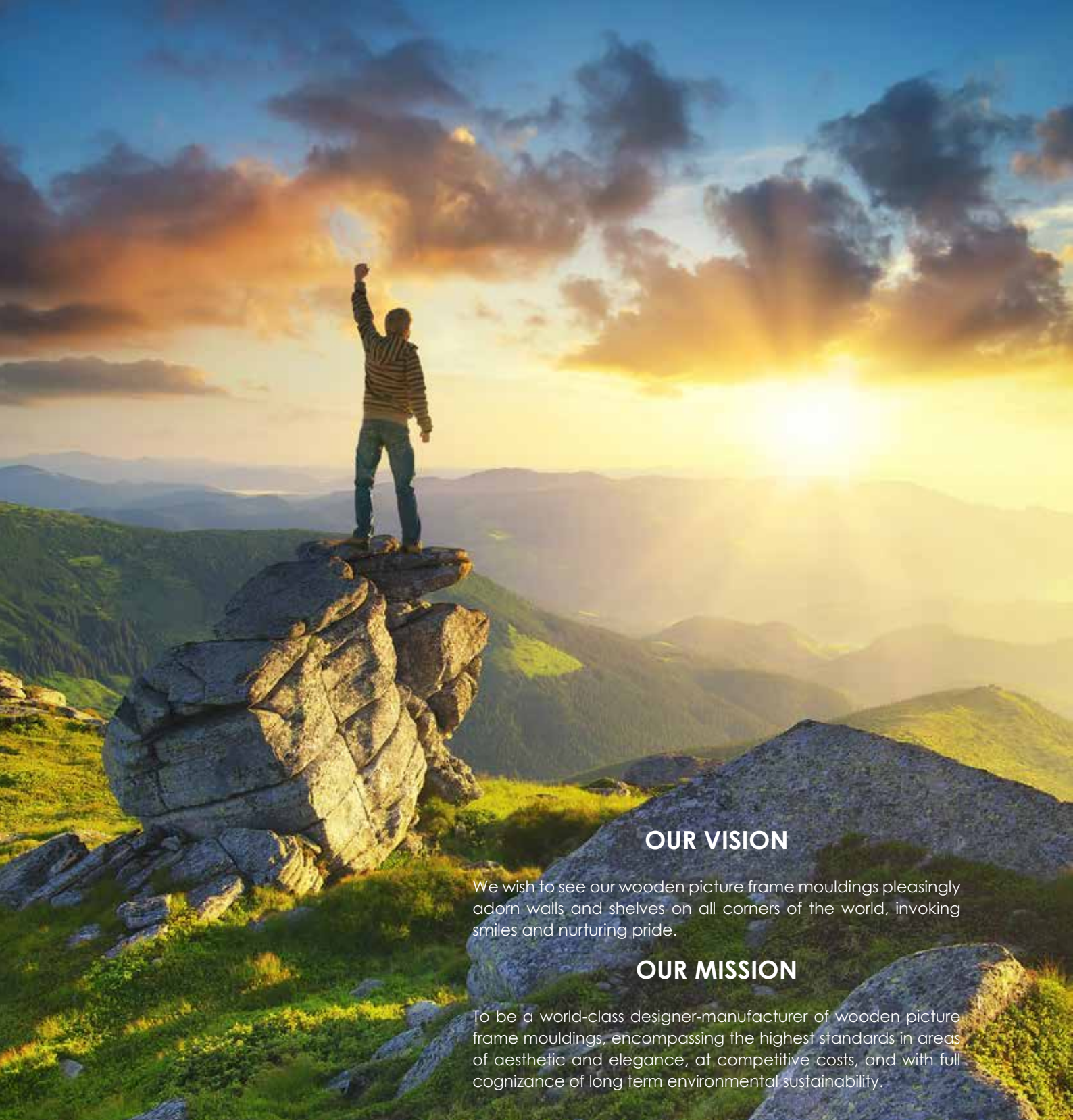
CLASSIC SCENIC BERHAD  
(633887-M)



*Scenic* in Name  
*Beauty* in *Frame*<sup>TM</sup>

Those who hope in GOD  
will renew their strength.  
They will soar on wings like eagles;  
They will run and not grow weary,  
They will walk and not be faint.





## OUR VISION

We wish to see our wooden picture frame mouldings pleasingly adorn walls and shelves on all corners of the world, invoking smiles and nurturing pride.

## OUR MISSION

To be a world-class designer-manufacturer of wooden picture frame mouldings, encompassing the highest standards in areas of aesthetic and elegance, at competitive costs, and with full cognizance of long term environmental sustainability.

## CLASSIC SCENIC GROUP at a Glance

Classic Scenic Berhad ("CSCENIC") was incorporated on 10 November 2003, and listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities") on 4 November 2004. Subsequently on 6 June 2006, it was transferred to the Main Board (Main Board and Second Board merged and now known as Main Market) of the Bursa Securities. CSCENIC is an investment holding company, with subsidiaries principally engaged in the manufacturing of wooden picture frame mouldings, and wooden pallets. For the former, it is primarily undertaken by wholly-owned subsidiary, Finesse Moulding (M) Sdn. Bhd., of which full certification for ISO9001:2015 has been duly obtained.

The first mouldings were made in 1988, and we have emerged to be one of the largest wooden picture frame mouldings manufacturer and exporter in Malaysia, and one of the biggest operations in the region as well since 2000s. More than 90% of the Group's premium wooden picture frame mouldings are mainly exported to North America, Australia, Europe and Japan. Current manufacturing facility comprises of 6 factories centrally located in Rawang, Selangor spread over an area of 500,000 sq. ft., and a 323 strong workforce.

There is still a long road ahead, the Group will continuously focus on strengthening its overall management vis-à-vis a continuous improvement strategy in all aspects of the business and move on to greater heights on our road to success.



**CLASSIC SCENIC BERHAD**  
Registration No. 200301031466 (633887-M)

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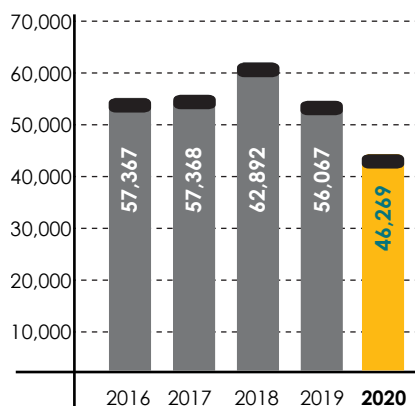
# FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
1 Revenue (RM'000)	46,269	56,067	62,892	57,368	57,367
2 Profit Before Tax (RM'000)	8,578	8,294	8,703	16,221	17,477
3 Profit After Tax (RM'000)	6,373	6,254	7,233	12,291	13,284
4 Net Cash (RM'000)	25,815	14,035	14,907	14,190	23,915
5 Return on Equity (%)	6.87	6.77	7.64	12.83	13.81
6 Net Asset Per Ordinary Share (sen)	77.0	76.7	78.5	79.5	79.8
7 Net Earnings Per Share (sen)	5.29	5.19	6.00	10.20	11.02
8 Net Dividend Per Share (sen)	3.00	5.00	6.00	10.00	11.00
9 Dividend Payout Ratio (%) *	56.7	96.3	100.0	98.0	99.8
10 Net Dividend Yield (%) #	3.3	5.0	5.5	6.1	6.1

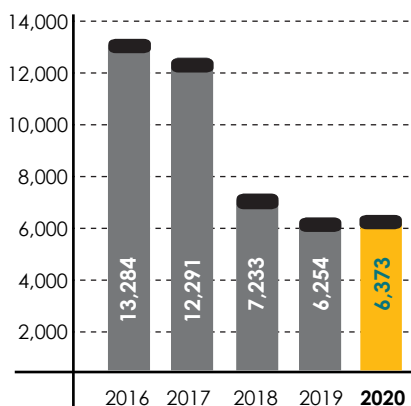
\*The Group's Dividend Policy is to distribute 50% of the Group net profit after tax attributable to shareholders.

# The Net Dividend Yield was calculated based on the share price as at the last trading day of the financial year.

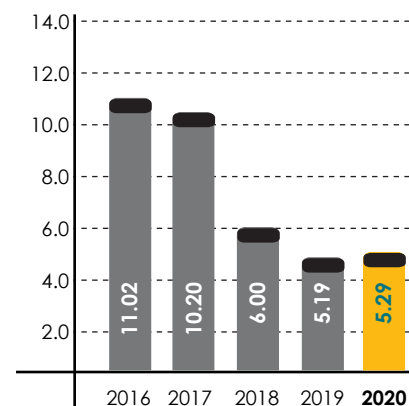
## REVENUE RM'000



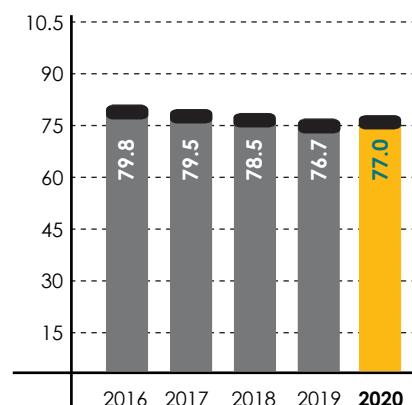
## PROFIT AFTER TAX RM'000



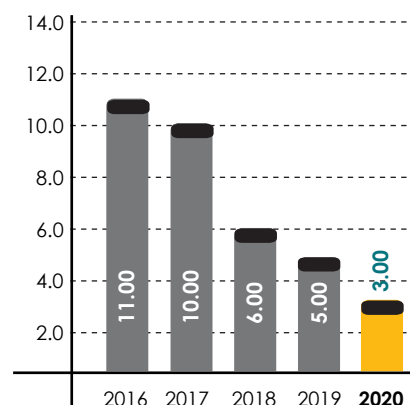
## NET EARNINGS PER SHARE (SEN)



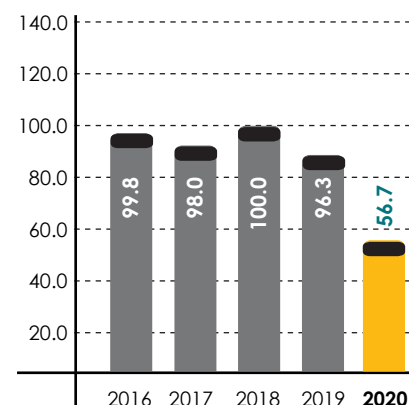
## NET ASSET PER ORDINARY SHARE (SEN)



## NET DIVIDEND PER SHARE (SEN)



## DIVIDEND PAYOUT RATIO (%)





## MANAGING DIRECTOR'S MESSAGES AND MANAGEMENT DISCUSSION & ANALYSIS

On behalf of the Board of Directors of Classic Scenic Berhad ("CSCENIC"), I am pleased to present the Annual Report and the Audited Financial Statements of CSCENIC for the financial year ended 31 December 2020.



The detrimental effect of the worldwide COVID-19 pandemic has hit the global economy and many businesses, and CSCENIC was not spared from the adverse impact. Most governments implemented emergency lockdowns and imposed social and movement restrictions to contain the outbreak of COVID-19, and these measures crippled the world economies. Our Malaysian government also responded immediately and with clear priorities by declaring a Movement Control Order ("MCO") on 18 March 2020, to keep our "Rakyat" safe from the deadly disease. While battling to protect lives, we thank our governments for having instituted fiscal and monetary policies, such as loan moratorium, wage subsidies, lower interest rates etc, to keep businesses and economies afloat.

The COVID-19 pandemic has resulted in an extremely volatile environment. Nevertheless CSCENIC employees had been staying united and stepping up to the challenges to protect the health of the Group. From the top, clear direction had been spelled out to prioritise on three main areas which consisted of prudent cost control and cash conservation; risk management especially on protecting the safety and health of the team; and agile business rebound preparation and readiness. With the tremendous resilience and flexibility of our team, we were able to translate these into action plans to stabilize and drive the business. We thank our team for their relentless commitment, agility and sacrifices to weather the storm hand-in-hand to achieve a resilient financial result.

Our customers in the USA, the Group's major market, also suffered significantly as a result of the COVID-19 emergency lock down, especially in second quarter of year 2020. Due to the lower export volume of wooden picture frame moulding, the Group experienced a significant decline in revenue, and operating profit turned red for the second quarter of year 2020. Nevertheless, there were silver linings in the second-half of year 2020, as the consumer demand for home furnishing and décor rebounded tremendously in the USA, resulting in a V-shape rebound to the Group's export volume.

The MCO emergency lock down had also interrupted the market supply of timber raw materials. However, with the Group's prudent strategy of having a high sawn timber inventory level, the Group had sufficient sawn timber raw material to comfortably meet the surging customer orders received from the USA in second half of year 2020.

Amidst the backdrop of the high level of volatility and uncertainty as a result of the COVID-19 pandemic, the Group yet managed to achieve a profit after-tax of RM6.4 million despite a recorded lower revenue of RM46.3 million for the financial year ended 31 December 2020, thanks to our solid and strong fundamentals, prudent strategies in place and our team's unwavering commitment to weathering the storm.

# Managing Director's Messages and Management Discussion & Analysis (cont'd)

## Financial Performance Review

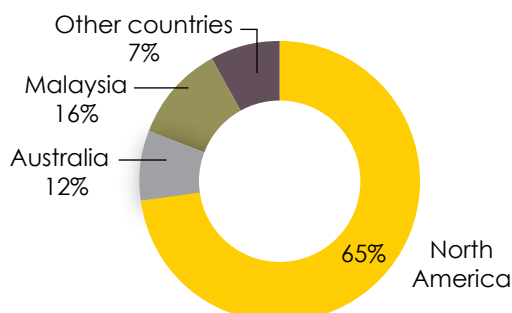
The unprecedented COVID-19 pandemic which deeply affected the worldwide economy had dampened many businesses. The prolonged movement restrictions and trade closures resulted in a high level of volatility and uncertainties, that lead to cautious market spending. The Group was not spared from these adversities, with a net effect of lower sales revenue for the financial year ended 31 December 2020.

Nevertheless, with the Group's prioritization on three main areas, i.e. prudent cost control and cash conservation, strict risk management especially focusing on team safety and health, and agile business rebound preparation and readiness, the Group managed to achieve a sales revenue of RM46.3 million for the financial year ended 31 December 2020, compared to the preceding financial year 2019 of RM56.1 million. The decline in revenue by RM9.8 million or 17.5% was mainly due to the lower export volume of wooden picture frame moulding as a result of the MCO which was effective from 18 March 2020, that came with travel restrictions, lockdowns, and also other containment measures in various countries, including USA, particularly in second quarter of year 2020.

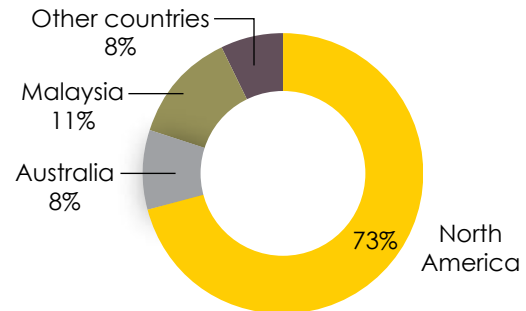
The change in product mix which yielded higher average selling prices, and the better production cost efficiencies, had significantly contributed to the Group's improved gross profit margin to 33% compared to 28% in the preceding financial year 2019. Amidst the COVID-19 headwind, the Group achieved a marginally higher profit after tax of RM6.4 million for the financial year ended 31 December 2020, an increase of RM0.1 million or 1.9% as compared to the preceding financial year 2019.

For the financial year ended 31 December 2020, export of wooden picture frame moulding accounted approximately 84% of the Group's revenue, whereas the remaining 16% was contributed by the local sales of wooden pallets. The revenue of the Group by primary geographical markets is depicted as below:-

### 2020 Revenue By Primary Geographical Markets



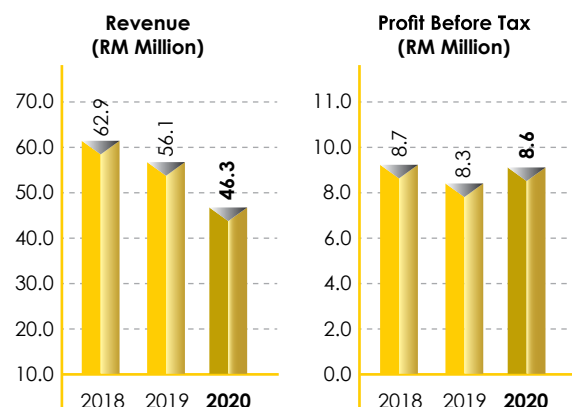
### 2019 Revenue By Primary Geographical Markets



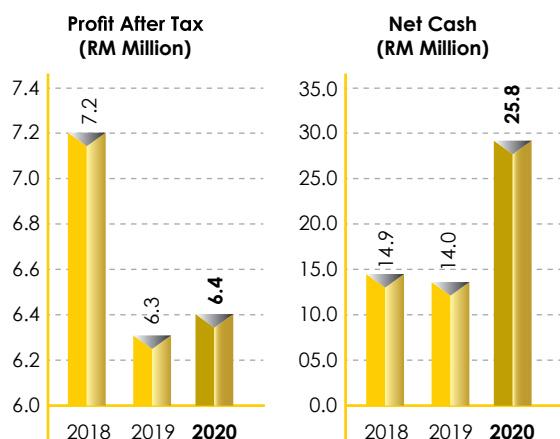
The Group's export proceeds are mainly denominated in US Dollars, and thus foreign currency movement is one of the principal risks of the Group. Close regular monitoring of exposure to foreign currency risk is critical, and hedging is practised to mitigate the foreign currency risk. Forward foreign currency contracts with maturity of less than one year are used by the Group to hedge its foreign currency risk. As at 31 December 2020, the foreign currency forward contracts in-hand, which were used to hedge against the Group's trade receivables and forecasted sales over the next six months, amounted to RM4.4 million, and its unrealized fair value gain of RM0.1 million has been recognized in the financial statements.

Amidst high market volatility and uncertainties, capital spending was curtailed as one of the Group's strategies to conserve cash in weathering the COVID-19 storm. The Group had only invested RM0.6 million in acquiring plant and equipment for the financial year ended 31 December 2020. Despite that, the Group is still on track towards achieving overall improvement in production efficiencies.

As at 31 December 2020, the Group posted a net cash position of RM25.8 million and maintained a healthy balance sheet. The shareholders' equity was RM92.8 million and net asset per share stood at RM0.77 as at 31 December 2020.



## Managing Director's Messages and Management Discussion & Analysis (cont'd)



### Outlook

We expect the challenges and uncertainties from the repercussions of COVID-19 to be prolonged through year 2021. We will capitalize on the learnings gained from the COVID-19 pandemic, such as high degree of agility, rapid adaptability and response etc., into our future ways of working and growing the Group.

Amidst the significant tariff hikes between the US and China as a result of the ongoing and escalating US-China trade friction, with these two countries diverting imports away from each other, it would potentially benefit industry players in different economies, like us. The Group will be ever-ready to grab the opportunities of the spill-over effect of the sourcing diversion.

Many country borders are still yet to open, including Malaysia, hence the manufacturing industry is facing the challenge of manpower shortage as the industry is still very much reliant on foreign labour. Our government has also been tightening the rules and regulations of migrant workers recruitment, to reduce the over-reliance of migrant workers by industry players. Aligning to the government's policy, the Group will continue to explore opportunities in production automation in order to minimize its reliance on foreign labour. As at 31 December 2020, the Group has a balance mix of foreign and local employees.

We will surely remember the COVID-19 challenges exerted on many of us, and we will continue to thrive through all the uncertainties and challenges in full faith and strength.

### Appreciation to stakeholders

On behalf of the Board, I am pleased to welcome Ms Ooi Youk Lan to the Board of Directors of CSCENIC and thank you for her willingness to serve the Group. I also would like to express the deepest gratitude and appreciation to our former Executive Chairman, Mr. Lim Chee Keong, for his commitment and dedication in guiding the organisation over the past three decades. I also would like to express my deepest appreciation to our customers, suppliers and shareholders for their continued support and trust in us. I also would like to thank the management and all staff of CSCENIC for their relentless efforts, dedication and loyalty, especially in weathering the unprecedented COVID-19 storm.

I wish all of you stay safe and healthy from the COVID-19 and God Bless you all.

**Lim Chee Beng**  
Managing Director

With our flexibility and adaptability to the fast changing environment, and those learnings gained from the unprecedented COVID-19 pandemic, the Group will strive to achieve stable and sustainable profits, by anchoring on the Group's time-tested business model to navigate through the uncharted waters of market uncertainties.

A number of our major customers had embarked and accelerated on e-commerce and digital platforms rapidly to stay connected with the consumers and we will continue to realize our business objectives by having close collaborations, and strengthening our partnership with major customers, whilst studying changes in consumer needs and preferences.

We will also continuously enhance the development and introduction of innovative and affordable high-quality products, as a key agenda in the Group's top list. To facilitate these, an annual Customers Satisfaction Survey has always been conducted to monitor customers' satisfaction level, and to strengthen the Group's competitive position against other competitors.

The Group is mindful of the on-going challenges posed by the dynamic market changes, and has been putting more emphasis on the development of new products, line automation for productivity improvement, procurement optimization, and operational efficiency, to not only sustain, but more importantly enhance overall profitability.

### Dividend

A first interim single tier dividend of 3.0 sen per ordinary share totaling RM3.6 million in respect of the financial year ended 31 December 2020 was declared on 26 November 2020 and paid on 4 January 2021. The Board does not propose final dividend for the financial year ended 31 December 2020. The dividend payout ratio for the financial year ended 31 December 2020 was 57%, which is in line with the Group's dividend policy of distributing 50% of the profit after tax attributable to shareholders.

# SUSTAINABILITY STATEMENT

At CLASSIC SCENIC BERHAD ("CSCENIC" OR "THE GROUP"), we recognise the importance of Sustainability, which is to create shared social, environmental and economic value for all stakeholders. Simply put, CSCENIC would be very glad to have triple wins for People, Planet and Performance, and in this context, CSCENIC is committed to initiatives on material sustainability across the three key areas of Social, Environment and Economics (SEE).

The Group's sustainability statement is guided by Bursa Malaysia's Sustainability Reporting Guide, in which the Group expects to learn and improve on how it can enhance its business operation to add further long term value to the stakeholders and to manage the risks as well as opportunities related to the key aspects of SEE.

## Reporting Scope

The scope of this sustainability statement covers Classic Scenic Berhad and its subsidiaries for the financial year ended 31 December 2020 with its operations established in Malaysia.

## Sustainability Governance

The Group's sustainability matters are overseen by the Executive and Risk Management Committee and endorsed by the Board of Directors via the recommendation from the Audit Committee.

Governance Structure	Role
Board of Directors	<ul style="list-style-type: none"> <li>Deliberate and approves the Group's strategies and all key sustainability related matters</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Review the overall Group Risk Management matters, including SEE issues and sustainability risks, and recommend to the Board of Directors for endorsement</li> </ul>
Executive and Risk Management Committee	<ul style="list-style-type: none"> <li>Oversee, establish and assess the effectiveness of the Group's risk management and sustainability framework</li> <li>Conduct materiality assessment, plan and embed sustainability initiatives into the Group's business strategies</li> <li>Report key sustainability matters to Audit Committee</li> </ul>
Head of Department of various departments	<ul style="list-style-type: none"> <li>Identify, plan and embed sustainability initiatives into respective business and operational areas, and provide and monitor the measurable indicators</li> </ul>

## Material Sustainability Matters

The Group's efforts to integrate sustainability into its business is guided by the stakeholders' needs and concerns. Hence, the Group had conducted an assessment to review and prioritize the material sustainability matters and issues that are relevant to its business and of concern to stakeholders. The material sustainability matters were categorised and summarised into the following 4 key themes:-

### Responsible Business

- Customer satisfaction
- Product safety responsibility
- Procurement practice

### Conduct and Compliance

- Compliance
- Anti-fraud and Anti-bribery

### Environmental Sustainability

- Environmental monitoring and compliances
  - scheduled waste
  - gas emission
  - waste water
- Efficient use of energy

### People, Community and Society

- Employment benefits
- Training and development
- Diversity
- Safety and health
- Community

### I. Responsible Business

Good and timely responses, trust building, honesty and integrity are all pre-requisite to business sustainability. Thus, the Group places the highest priority on ethical business conduct in dealing with stakeholders, as well as emphasising on its core strengths in product safety and responsibility, and prudent procurement practices, to deliver all-round customer satisfaction.



# Sustainability Statement

## (cont'd)

### I. Responsible Business (Cont'd)

#### Customer Satisfaction

With the dynamic and fast evolving macro environment, listening to customers has been one of the critical success factors of CSCENIC. The Group has established and implemented the ISO 9001:2015 Quality Management System to ensure consistently high quality of products and services are delivered to customers. The effective execution of the Quality Management System is evidenced by the good scoring achieved in the annual Customers Satisfaction Survey. The Group was able to maintain high rating of above 4 (out of full score of 5 Excellent) for the customer satisfaction for the past 5 years.

#### Product Safety Responsibility

Product safety is one of the top priorities in our quality policy, and the Group's technical team remains fully committed in carrying out various studies and tests in accordance with standard procedures, to ensure the safety level of raw materials comply with safety and health standards. For instances, finished products are sent to accredited labs periodically for hazardous substance tests in order to ensure the content of our products are well in compliance with the Restriction of Hazardous Substance Directive 2011/65/EU (RoHS), Code of Federal Regulations, Chapter II – Consumer Products Safety Commission of U.S.A. and USA Environmental Protection Agency Air Resources Board - Airborne Toxic Control Measure (ATCM).

#### Procurement Practice

Our main subsidiary, Finesse Moulding (M) Sdn Bhd, has long established policy in buying legally verified timber, and has obtained its certification of timber chain-of-custody management system from an internationally recognised certification body since 2009.

In its sourcing practices, the Group's sourcing team carry out inspection and verification at timber sawmill plants to ensure the legality of timber logs sourced. The Group is committed to making every effort in ensuring the sourced timbers are from legal and traceable sources.

The Group has incorporated sustainability-related criteria, such as compliance of relevant laws, rules and regulation and policies, in assessing the major suppliers' business practices annually, and will continue to collaborate with its major suppliers to work towards enhancing sustainability practices with respect to SEE matters going forward.

### II. Conduct and Compliance

Adherence to compliance standards of regulators and authorities is crucial to the Group's business sustainability and growth. Any breach of laws, regulations, rules, related standards and code of conducts could have significant adverse impact on the business sustainability and interest of stakeholders. Thus, the Group takes compliance matters seriously and has zero tolerance towards non-compliance.

#### Compliance

The Group has been practicing good corporate governance to safeguard stakeholders' interest, as disclosed in Corporate Governance Report. The Corporate Governance is periodically reviewed and enhanced by the Group to protect the interest of stakeholders. Executive and Risk Management Committee is in-place to assist the Board of Directors in risk management, which includes overseeing the development and effectiveness of risk management and sustainability policies and processes, reviewing risk exposure and portfolio, ensuring that internal control systems is put in place for effective risk management and sustainability activities, and reporting to the Board of Directors via Audit Committee.

#### Anti-Fraud and Anti-Bribery

Code of business conducts and ethics and Anti-fraud and whistleblowing policy were established and adopted to instill ethical values into employees. The Code of business conducts and ethics, and anti-fraud and whistleblowing policy clearly define the Group's stand on integrity, honesty and ethical behavior and a zero tolerance to unethical business conduct. These formed part of risk management, to promote and cultivate an honest and transparent environment.

# Sustainability Statement

## (cont'd)

### II. Conduct and Compliance (Cont'd)

#### Anti - Fraud and Anti-Bribery (Cont'd)

These policies enhance the awareness of the Group's stand on illegal, unethical and dishonest acts and the consequences of such acts to its employees; and to create employees' awareness of their roles, rights and responsibilities pertaining to illegal, unethical and dishonest acts. The strict enforcement of the anti-fraud policy would reduce the risk to the Group's reputation from fraudulent acts and protect the stakeholders' interest.

The Group adopts a zero-tolerance approach to bribery and corruption and is committed to conduct business in an honest and ethical manner. The Group is also committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever it operates; to implement and enforce effective systems to counter bribery and corruption. The Anti-Bribery and Corruption Policy and Procedures were adopted by the Group in May 2020. It sets out the Group's responsibilities to comply with laws and regulations in relation to bribery and corruption and provide guidance on how to recognise and deal with bribery and corruption issues, to ensure that the Group's business is conducted in a socially ethical manner. These policies can be downloaded from the Group's website at <http://www.classicscenic.com>.

### III. Environmental Sustainability

The Group is mindful that to build a sustainable future, the Group endeavors to use the resources such as timber, electricity and water, in our production processes as efficiently as possible.

#### Environmental Monitoring and Compliances

Wood wastes, such as short woods, wood chips and saw dust, are generated during the production processes. However, wood wastes have been considerably cut down as the short woods are jointed into long timber for the production of premium finished products, whereas for the wood chips and saw dust, they are used to produce steam and generate energy for the Group's kiln-drying plant. Besides these, the saw dust is also being compressed into wood briquette which will be used to generate heat energy.

The Group's manufacturing facilities, such as hot water boiler, compressors and timber impregnation plant, are certified by and in compliance with the rules and regulations stipulated by the Department of Occupational Safety and Health ("DOSH") Malaysia.

Trained personnel is assigned to closely monitor all emissions such as air and water discharged. The paint waste generated from the production process is channeled into a waste water treatment plant and concentrated into paint sludge to minimize environmental pollution. In 2020, there was approximately 1.00 kg (2019: 0.69 kg) of paint sludge waste per thousand feet of wooden picture frame moulding generated from the production processes and we aim to maintain this waste level.

The scheduled waste, paint sludge, is being handled and disposed in accordance to the rules and regulations stipulated by the Department of Environment ("DOE") Malaysia. Internal training on Scheduled Waste Management is also conducted periodically to ensure the Scheduled Waste is handled by competent team.

Periodically, the Group engaged an independent environmental consultant, who is certified by DOE, to conduct assessment on the air emission pollutant generated from the selected wood-working machines and equipment on rotational basis to ensure the compliance to Environmental Quality (Clean Air) Regulations 2014.

#### Efficient Use of Energy

The Group is committed in taking initiatives to implement certain modifications and reconfigurations of critical utilities to enhance energy efficiency. Energy efficient LED lighting, such as T8 fluorescent tubes, are installed across the production floor areas.

The Group continued to invest in advance wood-working machinery, and replaced and upgraded some existing equipment parts with newer energy-efficient parts, which allow simultaneous improvements in production output, changeover time, and also deliver energy savings.



# Sustainability Statement

## (cont'd)

### III. Environmental Sustainability (Cont'd)

#### Efficient Use of Energy (Cont'd)

An Environmental Green Fund Scheme has been established to create the awareness of the energy conservation in its business and operational activities. A 3Rs concept which is Reduce, Reuse and Recycle has also been rolled out to the entire organization to conserve the resources. The savings derived from the scheme was RM6,800 as at 31 December 2020 and it will be shared among all employees and also partly be used to aid a group of underprivileged employees.

### IV. People, Community and Society

CSCENIC recognises people, community and society as social capital, which is essential to the long term business sustainability of the Group. Developing employees is always one of the Group's priorities as skilled human capital is crucial for an organization's long term sustainable growth. As at 31 December 2020, there is approximately 323 dedicated men and women who are part of CSCENIC team.

#### Employment Benefits

Employees' emoluments and benefits are well taken care of. The remuneration package is reviewed and benchmarked against the marketplace periodically to ensure the package is competitive in the labor market, and the employees are equitably remunerated based on their contributions. Various emoluments, benefits and incentives are provided to lower income level staff such as transport allowances. Long service awards are also extended to employees as a gesture of appreciation from the Group. In year 2020, total 18 (2019: 11) long service awards had been extended to employees whose years of service reached 10th, 20th and 30th years.

### Training and Development

Human Capital Development – Yearly structured training is continuously provided to employees to sharpen their skills and competencies as part of their long term career planning, which not only benefits the employees personally, but also strengthens the capability of the entire organization and facilitates the achievement of the Group's objectives and goals. Opportunities for career advancement are performance-driven and non-discriminatory.

We recognise that talents are one of the key drivers in growing the Group's business and will continue strengthening the talent retention program to retain our employees. As at 31 December 2020, our employee turnover rate was 17% (2019: 14%).

#### Diversity

A Gender Diversity Policy was adopted and the Group is continuously committed to increasing gender diversity especially among the Board and Senior Executive positions in order to establish a diverse and skilled workforce, leading to continuous improvement in achievement of corporate goals.

In connection with this policy, there was total two female Directors as at 31 December 2020, which accounted for one-third (1/3) women diversity in the Board. Furthermore, women who held top management also accounted for one-third (1/3) of top management.

#### Safety and Health

CSCENIC is committed to providing a safe and healthy environment for its employees and the Group has implemented various initiatives focusing on this. A Safety and Health Committee was established and meetings are conducted periodically to review these safety and health matters. Policies were also set to ensure all employees are aware of their roles and responsibilities in the aspect of safety and health. As the COVID-19 pandemic evolves, we continue to implement best practices and ensure Standard Operating Procedures (SOPs) were updated and adhered to by the workforce to safeguard the safety and well-being of the workforce.

# Sustainability Statement

(cont'd)

## IV. People, Community and Society (Cont'd)

### Safety and Health (Cont'd)

Periodic in-house safety and health audits are conducted to ensure that the Group's safety rules and regulations are enforced and complied with. There were a total of 13 cases of accidents for the year 2020 with 0.30% (2019: 0.22%) lost time over the total working time. The Group's safety and health committee will continue to study and take various initiatives to improve and strengthen its safety and health aspect.

To inculcate a safety and health mindset amongst our employees, a series of safety and health trainings, such as COVID-19 Safety and Health Awareness, Personal Protection Equipment Handling and Safety Induction and Environmental training, had also additionally been conducted periodically to improve employees' health and safety. Periodic health medical check-up is

compulsory for employees who work in high risk areas, such as long exposure to chemical and noise.

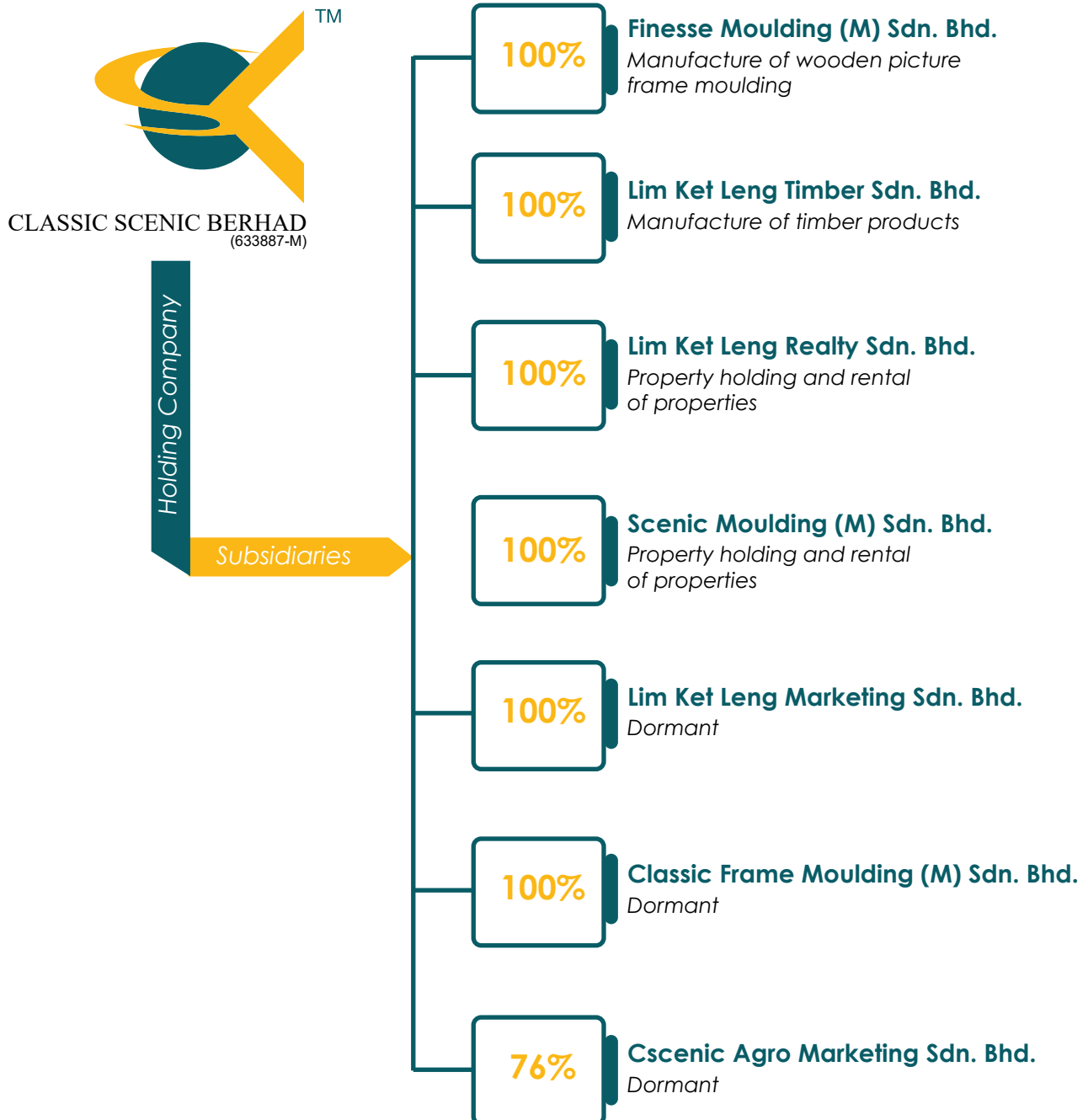
The management adopts an open door policy where staff can easily have access to them to express their problems and difficulties faced. Employees are the Groups' valuable assets and their feedback and opinion are very critical and must be accorded due recognition. The Group remains committed in conducting a periodic Employee Job Satisfaction Survey to give employees opportunity to voice out any grievances and dissatisfaction with the current work conditions, and thereafter the management will consider next course of action to improve further.

### Community

During the first stage of MCO in April 2020, there was a shortage of N95 face masks for the healthcare workers in a hospital in our community. As a socially responsible company, the Group donated 500 pieces of N95 face masks and some medical PPE, e.g. face shields, to support the healthcare workers.



## CORPORATE STRUCTURE



# CORPORATE INFORMATION

## Board of Directors

**LIM CHEE BENG** *Managing Director*

**LIM CHEE HWA** *Executive Director*

**AU THIN AN @ LOW TEEN ANN** *Independent Non-Executive Director*

**LEE KONG WENG** *Independent Non-Executive Director*

**CHOW CHOOI YOONG** *Independent Non-Executive Director*

**OOI YOUK LAN** *Non-Independent Non-Executive Director*

### AUDIT COMMITTEE

**Lee Kong Weng**

*Chairman*

*(Independent Non-Executive Director)*

**Au Thin An @ Low Teen Ann**

*Member*

*(Independent Non-Executive Director)*

**Chow Chooi Yoong**

*Member*

*(Independent Non-Executive Director)*

### NOMINATION AND REMUNERATION COMMITTEE

**Lee Kong Weng**

*Chairman*

*(Independent Non-Executive Director)*

**Au Thin An @ Low Teen Ann**

*Member*

*(Independent Non-Executive Director)*

**Chow Chooi Yoong**

*Member*

*(Independent Non-Executive Director)*

### COMPANY SECRETARY

**Wong Youn Kim**

(MAICSA 7018778)

### HEAD OFFICE

Lot 12, Jalan RP3,  
Taman Rawang Perdana,  
48000 Rawang,  
Selangor, Malaysia.

Tel. : 603 – 6091 7477

Fax : 603 – 6091 6766

Email : [cscenic@classicscenic.com](mailto:cscenic@classicscenic.com)

Website : [www.classicscenic.com](http://www.classicscenic.com)

### REGISTERED OFFICE

Level 2, Tower 1  
Avenue 5, Bangsar South City  
59200 Kuala Lumpur  
Tel. : 603 – 2241 5800  
Fax : 603 – 2282 5022

### AUDITORS

KPMG PLT  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel. : 603 – 7721 3388  
Fax : 603 – 7721 3399

### PRINCIPAL BANKERS

Citibank Berhad  
Hong Leong Bank Berhad

### SHARE REGISTRAR

**Boardroom Share Registrars Sdn Bhd.**  
11th Floor, Menara Symphony, No. 5,  
Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya, Selangor.  
Tel. : 603 – 7890 4700  
Fax : 603 – 7890 4670

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market  
Stock Code : 7202  
Stock Name : CSCENIC



# PROFILE OF BOARD OF DIRECTORS

## LIM CHEE BENG

Malaysian, aged 57, Male  
Managing Director

**Lim Chee Beng** was appointed to the Board on 3 August 2004. He is also a member of the Executive and Risk Management Committee. He graduated with a Bachelor of Science Degree, majoring in Mathematics (Honours) from the University of Malaya in 1989. His career started when he joined the Group in 1989 as Planning and Operations Director providing research and technical support to production and marketing departments.

## LIM CHEE HWA

Malaysian, aged 62, Male  
Executive Director

**Lim Chee Hwa** was appointed to the Board on 3 August 2004. He is also a member of the Executive and Risk Management Committee. He graduated with a Bachelor of Arts Degree (Honours), majoring in Economics and Geography from Middlesex Polytechnic in 1982. He started his career as a valuation assistant in a property valuation firm during 1982 before leaving in 1984 to take up the position as an administrative Officer with Bangkok Bank Berhad in Malaysia. Subsequently in 1997, he joined the Group as the Finance and Marketing Director primarily responsible for developing the Group's marketing plan focusing on new business development and managing the financial performance of the Group.

## AU THIN AN @ LOW TEEN ANN

Malaysian, aged 77, Male  
Independent Non-Executive Director

**Au Thin An @ Low Teen Ann** was appointed to the Board as Independent Non-Executive Director on 2 January 2008. He is the member of the Audit Committee and Nomination and Remuneration Committee. He started his career in insurance 40 years ago with then Sime Insurance Services, an inhouse insurance division of Sime Darby Group. He was responsible for the Insurance Broking Companies in the Far East for Sime Darby and his last position before leaving the Group was Regional Division Director. He joined Kris Jardine Insurance Brokers Sdn Bhd as Advisor in 1999 and was responsible for re-structuring the Company, which is now known as Jardine Lloyd Thompson Sdn Bhd, a member of Jardine Matheson Group and the last position held until his retirement was as The Deputy Chairman. He was an Honorary Treasurer of Insurance Brokers Association of Malaysia.

Currently, he operates a risk management consultancy and is an insurance risk advisor to several major companies. He is an Independent Non-Executive Director and the Chairman of the Nomination and Remuneration Committees of Lee Swee Kiat Group Berhad. He is also a member of its Audit Committee.

## Profile of Board of Directors (cont'd)

### LEE KONG WENG

Malaysian, aged 49, Male  
Independent Non-Executive Director

**Lee Kong Weng** was appointed to the Board as Non-Independent Non-Executive Director on 29 December 2011 and was re-designated to Independent Non-Executive Director on 1 September 2012. He is the Chairman of the Audit and Nomination and Remuneration Committees. He graduated with a Bachelor in Accounting (Honours Class 1) from University of Malaya in 1996. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He started his audit career with Arthur Anderson & Co. (now merged with Ernst & Young) in 1996. In 2000, he joined Classic Scenic Berhad group as Finance Manager responsible for the treasury and finance function of the Group. In 2002, he was promoted to the position of Group Financial Controller of which he was instrumental in the Initial Public Offering process of Classic Scenic Berhad on the Second Board of Bursa Malaysia Securities Berhad and, subsequently, to the Main Board. In 2007, he left Classic Scenic Berhad group and joined a local accounting firm.

Currently, he is a partner of Baker Tilly Monteiro Heng PLT, an independent member firm of Baker Tilly International. He is currently a member of Malaysian Accounting Standards Board ("MASB") and also a member of MFRS Application and Implementation Committee ("MAIC") which was set up by the MASB.

### CHOW CHOOI YOONG

Malaysian, aged 61, Female  
Independent Non-Executive Director

**Chow Chooi Yoong** was appointed to the Board as Non-Independent Non-Executive Director on 1 April 2016 and was re-designated to Independent Non-Executive Director on 24 July 2017. She is a member of the Audit and Nomination and Remuneration Committees. She is an associate member of the Institute of Chartered Secretaries and Administrators (UK). She graduated from Kolej Tunku Abdul Rahman with a Diploma in Business Studies in 1983 and commenced her career in secretarial practice in the same year with a management services company for about a year before she left to join T & S Management Sdn. Bhd. ("TS Management"), a medium sized service provider company offering corporate secretarial advisory services to a wide range of clients.

When the business of TS Management was taken over by T & S Secretarial Services Sdn. Bhd. ("T&S") in 2003, she became one of the shareholders of T&S and was appointed as Executive Director of T&S, a position which she held until her retirement from secretarial practice in 2015. She has more than three decades of working experience in corporate secretarial practice. During her tenure with T&S, she has also acted as the named company secretary of several public listed companies for more than 10 years and many other private companies.

### OUI YOUK LAN

Malaysian, aged 54, Female  
Non-Independent Non-Executive Director

**Ooi Youk Lan** was appointed to the Board as Non-Independent Non-Executive Director on 1 April 2021. She has more than 29 years of working experience in audit, taxation, finance, accounting, treasury and corporate exercises covering a variety of industries for both listed and private Malaysia companies.

In 2012, Miss Ooi joined Hextar Group of Companies as Group Financial Controller, and is currently the Group Chief Financial Officer of Hextar Group of Companies. Her role is oversee and manage the overall financial and accounting functions, banking relationship, corporate exercise and strategies of the Group of Companies and serving as director of several private companies. She is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants.

#### OTHER INFORMATION ON DIRECTORS

Save for Lim Chee Beng and Lim Chee Hwa who are siblings, none of the Directors are related to each other and/or any other substantial shareholders of CSCENIC. In addition, all the above Directors have no conflict of interest with the Group and have had no conviction for any offences other than traffic offences, if any, in the last five (5) years.

## PROFILE OF KEY SENIOR MANAGEMENT

### LIM KIM LEE

Malaysian, aged 43, Female  
Chief Financial Officer

**Lim Kim Lee** is the Chief Financial Officer of the Group and she is also a member of the Group's Executive and Risk Management Committee. She graduated with a Bachelor of Commerce from the University of Otago New Zealand, majoring in Accounting, in 1999. She is a member of the Malaysian Institute of Accountants and an associate member of the Chartered Institute of Management Accountants. She started her career as an account/audit assistant for about 3 years before joining the Group as a finance officer in year 2003. In year 2004, she assisted the Group's financial controller in the Initial Public Offering exercise of Classic Scenic Berhad on the Second Board of Bursa Malaysia Securities Berhad and, subsequently, to the Main Board. Subsequently in 2007, she was promoted to the position of Group Finance Manager of which she is responsible for the treasury and finance function of the Group, and also in establishment, implementation and maintenance of quality management system. In 2012, she was promoted to the position of Group Financial Controller of which her responsibilities include setting strategic direction of finance, human resources and information technology to support the goals of the Group, and maintaining an adequate and effective risk management and internal control system. She was appointed as the Group's Chief Financial Officer in December 2016.

### NG CHIN PENG

Malaysian, aged 43, Male  
Senior Production Manager

**Ng Chin Peng** is the Senior Production Manager of the Group and he is also a member of the Group's Executive and Risk Management Committee. He is responsible for the Group's production, process engineering, quality management and maintenance functions. He obtained his Bachelor of Science Degree (Honours), majoring in Mechanical and Manufacturing Engineering, from the University of Lincolnshire and Humberside, UK in 2002. He started with Intercos Cosmetics (SuZhou) Co. Ltd. ("Intercos"), an Italy colour cosmetic company, as an industrialization engineer in 2004. He was then promoted to senior industrialization engineer and industrialization manager in 2005 and 2009 respectively. He left Intercos in 2012 and joined Classic Scenic Group as process engineering manager in 2013. Subsequently, he was transferred to production management department and promoted to senior production manager.

### SEE SIOU BIN

Malaysian, aged 35, Male  
Senior Supply Chain And Quality Assurance Manager

**See Siou Bin** is the Supply Chain and Quality Assurance Manager of the Group and he is also a member of the Group's Executive and Risk Management Committee.

He is responsible for the Group's supply chain and logistic, quality assurance management and maintenance functions. He obtained his Bachelor of Engineering (Hons) Manufacturing Engineering in year 2010 from the University of Malaya and in year 2019 he obtained his Master of Business Administration (MBA) from Inti International University. He joined the Group in 2009 as an internship student and in year 2010, he started his career with the Group as operation officer. He was then promoted to Quality Assurance Manager in year 2016. In March 2021, he was promoted to the Group's Senior Supply Chain and Quality Assurance Manager.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Classic Scenic Berhad ("CSCENIC") recognises the importance of good corporate governance in ensuring that the interest of the Group, shareholders and other stakeholders are protected.

The Board is fully dedicated to continuously evaluate the Group's corporate governance practices and procedures with a view to ensure the principles and practices of corporate governance as provided in the Malaysian Code on Corporate Governance ("MCCG") are applied in safeguarding shareholders' investments and to protect the interests of all stakeholders.

This Corporate Governance Overview Statement which is to be read together with the Corporate Governance Report 2020 of the Company ("CG Report 2020"), is to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial year ended 31 December 2020.

The CG Report 2020 details on how the Group has applied each Practice of the MCCG, except where stated otherwise, and is available on the Company's website : <http://www.classicscenic.com>.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board is always mindful of its responsibility to serve the interest of the shareholders, and to this end, the Board sets policies for corporate governance; establishing goals, strategies and direction; reviewing the Group's performance and critical business issues and ultimately the enhancement of long term shareholders' value.

In order to assist the Board in discharging its duties and responsibilities, the Board has established a Board Charter (available at the Company's website : <http://www.classicscenic.com>) which, inter alia, sets a list of specific functions that are reserved for the Board, Chairman/Chairperson and Managing Director; and the authorisation limit which defines relevant matters and applicable limits reserved for Chairman/Chairperson/Managing Director/Executive Director that are further cascaded to senior management team within the Company.

The Board has also established and entrusted Board Committees, including an Executive and Risk Management Committee ("ERMC"), with specific responsibilities to oversee the Group's affairs in accordance with their respective Terms of Reference. The key issues and decisions made by each Board Committee and the ERMC are required to be reported to the Board.

In order to ensure that good standards of behaviour permeate throughout all levels of the Group and to help prevent misconduct and unethical practices, the Group implemented the Anti-Fraud and Whistle Blowing Policy ("AWP") and Code of Business Conducts and Ethics for Directors and employees within the Group.

To further strengthen the integrity, governance and anti-corruption framework of the Group, the Board, in May 2020, adopted and put in place the Anti-Bribery and Corruption Policy ("ABC Policy") and ABC Whistle Blowing Policy and Procedures which are available on the Company's website: <http://www.classicscenic.com>.

The Group aims to ensure a balance of power and authority between the Chairman/Chairperson and Managing Director ("MD") with a clear division of responsibility between the running of the Board and the Company's business respectively. The Group also emphasises and practices a division of responsibility between the Executive and Non-Executive Directors.

The positions of Chairman/Chairperson and MD are separated and clearly defined in the Board Charter.

The Chairman/Chairperson leads the Board in setting the values and standards of the Company to ensure the integrity and effectiveness of the governance process within the Group, while the MD has the overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

# Corporate Governance Overview Statement

(cont'd)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act 2016. As a practicing company secretary, she has also attended continuous professional development programmes as required by MAICSA and the Companies Commission Malaysia.

All Directors have the right to access all information pertaining to the business and affairs of the Group and unhindered access to the advice and services of the Company Secretary and senior management, and are also empowered to seek independent professional advice at the Company's expense should they consider it necessary in the furtherance of their duties.

### II. Board Composition

The Board recognises the benefits of diversity and has established a gender diversity policy to ensure an appropriate focus on diversity as the Board firmly believes that recruiting from a diverse pool of candidates with the appropriate mix and profiles in terms of age, gender and ethnicity, provides the necessary mix of skills, perspective, experience and expertise required to achieve effective stewardship and management that will lead to the achievement of corporate goals.

With the appointment of Ms Lim Kwee Huay as the Group Chairperson on 1 December 2020 and Ms Ooi Youk Lan as Non-Independent Non-Executive Director on 1 April 2021, upon recommendation of the Nomination and Remuneration Committee ("NRC"), the Group achieved 30% women on the Board as recommended by the MCCG. Furthermore, women also accounted for one-third (1/3) of those in senior management position.

The Board, through the NRC which comprises exclusively Non-Executive Directors who are independent, has used Board Matrix, questionnaires and other evaluation forms annually to assess the size, composition, mix of skills, experience, competencies and training needs of the existing Board and the individual Directors, the independence and tenure of the Independent Directors, and the effectiveness of the Board and the Board Committees, in order to identify gaps in the Board composition and the need to appoint new member to the Board or Board Committees. The NRC also reviews and submits recommendation to the Board annually, the re-election of Directors at Annual General Meeting ("AGM"). The annual assessment during the financial year ended 31 December 2020 was conducted by the NRC on 26 November 2020.

The Board had upon the recommendation of the NRC, agreed that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Board Committees.

### III. Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

The NRC reviews the performance of the Executive Chairman/Chairperson, Managing Director, Executive Director and Senior Management annually and submits recommendation to the Board on specific adjustment to the remuneration that reflect their contributions for the year, which are competitive and in tandem with the Company's objectives. The annual review of the Managing Director, Executive Director and Senior Management during the financial year ended 31 December 2020 was conducted by the NRC on 26 November 2020. The remuneration of the Executive Chairperson was also reviewed on 26 November 2020.

# Corporate Governance Overview Statement

(cont'd)

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The Board is assisted by the Audit Committee ("AC") which comprises 3 Independent Non-Executive Directors, to oversee the Group's financial reporting process. In line with the amended Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Terms of Reference of the AC was amended on 26 November 2020 to require a former key audit partner who was part of the engagement team to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

The composition of the AC is reviewed annually with the objective to maintain an independent and effective AC. All members of the AC have been continuously improving their financial literacy by attending trainings on the developments and changes in the Malaysian Financial Reporting Standards and other programmes to enable them to discharge their duties effectively.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the AC annually based on the External Auditor Appointment and Independence Policy established by the Company. The annual review of the External Auditors, KPMG PLT was undertaken by the AC on 2 April 2020 and the AC being satisfied with the performance of KPMG PLT had recommended to the Board to put forth the proposal for their re-appointment at the Seventeenth (17th) AGM.

### II. Risk Management and Internal Control Framework

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board with the assistance of the ERM and the AC, which oversees the outsourced internal audit function, has established processes for identifying, evaluating and managing significant risks faced by the core business of the Group. The outcome of the process is reviewed by the Board and is guided by the Statement on Risk Management & Internal Control Guidelines for Directors of Public Listed Companies issued by Bursa Securities. The Board is of the view that the system of risk management and internal controls in place for the financial year under review is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

The Statement on Risk Management and Internal Control furnished on pages 25 to 28 of this Annual Report provides an overview on the state of risk management and internal controls within the Group.

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

### I. Communication with Stakeholders

The Board adheres strictly to the Bursa Securities' disclosure framework to provide investors and the public with accurate and complete information on a timely basis. Pursuant to this, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities and is also electronically published at the Bursa Securities' and the Company's websites at <http://www.bursamalaysia.com> and <http://www.classicscenic.com> respectively and it is accessible by public.

The Board had since 26 February 2014 formalised and adopted the Investors Relations ("IR") Policy which provides a structured framework for the Group's IR processes and procedures and give guidance to the Group on how it will meet its obligations to communicate information fairly and accurately to its shareholders, investors, financial community and stakeholders.

The Managing Director and/or key management personnel also hold briefings with the press and analysts, when necessary, to provide information on the Group's strategy and performance whilst always being mindful of the sensitive information concerning share prices and the fair distribution of information to shareholders and investors.



# Corporate Governance Overview Statement

(cont'd)

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

### II. Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At each AGM, the Board provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Company. All the Directors and key management personnel are available to provide responses to questions raised by the shareholders during the AGM.

At the Seventeenth (17th) AGM held on 15 September 2020, a presentation on the Group's operations amidst the COVID-19 pandemic, business updates and strategies were made by the management.

In line with the MCCG, the Company's Constitution provides that notice convening an annual general meeting shall be given to all shareholders at least 28 days prior to the annual general meeting so as to provide sufficient time for shareholders to read through the Annual Report and make the necessary attendance and voting arrangements.

The voting for all resolutions set out in the Notice of the Eighteenth (18th) AGM shall be conducted by poll.

This Corporate Governance Overview Statement was approved by the Board of Directors on 16 April 2021.

# AUDIT COMMITTEE REPORT

## COMPOSITION

The Audit Committee ("AC") of Classic Scenic Berhad ("CSCENIC") comprises exclusively of Independent Non-Executive Directors of no fewer than three members with at least one member who complies with Paragraph 15.09(1)(c)(i) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"). Mr Lee Kong Weng, the AC Chairman, is a member of the Malaysian Institute of Accountants ("MIA").

The AC is guided by its Terms of Reference ("TOR") which can be downloaded from the Company's Investor Relation website at <http://www.classicscenic.com>.

## MEMBERSHIP AND MEETINGS

Name	Designation	Attendance at AC Meetings
Mr Lee Kong Weng	Chairman, Independent Non-Executive Director	5/5
Mr Au Thin An @ Low Teen Ann	Member, Independent Non-Executive Director	5/5
Ms Chow Chooi Yoong	Member, Independent Non-Executive Director	5/5

Whilst the AC's TOR requires the AC to meet at least four (4) times in each financial year end, the AC met five (5) times during the financial year ended 31 December 2020. The Company Secretary was in attendance during the meetings and the Chief Financial Officer ("CFO"), Internal Auditors, External Auditors and other Key Senior Personnel, if necessary, were invited to the meetings to deliberate on matters within their purview.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting. After each AC meeting, the AC Chairman reports on matters deliberated to the Board for their notation including matters of significant concern as and when raised by the External Auditors or Internal Auditors. Matters reserved for Board approvals are tabled at Board meetings, and decisions by the Board and actions required are forwarded to the management for their action.

The Board reviewed the term of office of the AC members and assessed the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board was satisfied that AC and its members discharged their duties and responsibilities in accordance with the AC's TOR.

In line with the amended MMLR, the Terms of Reference of the AC was amended to require a former key audit partner who was part of the engagement team to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

## SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

During the financial year, the AC carried out the following activities:-

### 1. Financial Reporting

- (a) In overseeing the Company's financial reporting, the AC reviewed the quarterly financial results of the Group for the Fourth Quarter ended 31 December 2019 at its meeting held on 25 February 2020; whilst the quarterly financial results of the Group for the First Quarter ended 31 March 2020, Second Quarter ended 30 June 2020 and Third Quarter ended 30 September 2020, were reviewed during the AC Meetings held on 28 May 2020, 26 August 2020 and 26 November 2020, respectively.

The AC's recommendations were presented for approvals at the subsequent Board Meetings.

# Audit Committee Report

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

### 1. Financial Reporting (cont'd)

- (b) The final draft annual audited financial statements for the year ended 31 December 2019 were reviewed by the AC on 2 April 2020 together with the management and External Auditors, prior to submission to the Board for consideration and approval.

The review was to ensure that the accounting treatments, financial reporting and disclosures are in compliance with the Companies Act, 2016; the MMLR; and applicable accounting standards in Malaysia.

- (c) the AC obtained (i) confirmations from the CFO that adequate processes and controls were in place for effective and efficient financial reporting and that reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRSs"), and that at every AC meeting held during the financial year ended 31 December 2020, unusual transactions including related party transactions, if any, had been reported to the AC; and (ii) declarations from the persons as defined in MFRS 124 as related parties, on transactions involving them and the Group/related corporations, if any.
- (d) Reviewed and deliberated on the impact of any changes to the accounting policies and adoption of new accounting standards such as MFRS 16-Leases as well as the accounting treatments used in the financial statements.

### 2. External Audit

- (a) On 25 February 2020, the AC deliberated on and was briefed by the External Auditors, KPMG PLT on the status of the audit in respect of the financial year ended 31 December 2019, its findings and resolution of the findings. The External Auditors had at the meeting, confirmed that they had been independent throughout the conduct of the audit engagement in accordance with all the relevant professional and regulatory requirements, including the By-laws of the MIA.

The External Auditors highlighted that the valuation of sawn timber inventory had been identified as the key audit matter ("KAM") in their auditors' report. In the deliberation of KAM, the AC was satisfied with the processes in place which are stated below, in mitigating the risk of physical deterioration of sawn timber inventory :-

- (i) all sawn timbers are subjected to chemical pressure treatment to infuse an acceptable level of chemical preservatives into the timbers; and
- (ii) kiln-drying of sawn timber to a permissible moisture content level.

During the financial year ended 31 December 2020, the AC held one (1) private meeting with the External Auditors, i.e. on 25 February 2020 without the presence of the Executive Board and management.



# Audit Committee Report

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

### 2. External Audit (cont'd)

- (b) The AC had on 2 April 2020, deliberated on KPMG PLT's Report with regard to the relevant disclosures, including the potential impact of the COVID-19 outbreak due to the uncertainties in the market arising from the travel restrictions and lockdowns imposed by various countries which may cause disruption to the Group's operations, in the annual audited financial statements and the Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 December 2019.

The AC also reviewed the recurring non-audit services in respect of the review of the SORMIC. In considering the nature and scope of non-audit fees, the AC was satisfied that the service was not likely to impair their independence. In addition, the AC also obtained confirmation from KPMG PLT on their independence throughout the audit engagement and their satisfaction on the level of co-operation and assistance rendered by the management and staff in the course of their audit for the financial year ended 31 December 2019.

On 2 April 2020, the AC also undertook an annual assessment and evaluation of the independence and performance of KPMG PLT with the use of questionnaires covering their independence, competency, reliability and compliance. The AC, having reviewed the independence and performance of KPMG PLT, was satisfied that KPMG PLT have the competency, capacity and objectivity to continue as the Group's External Auditors and recommended to the Board their re-appointment. The Board at the meeting held on 2 April 2020, approved the AC's recommendation to re-appoint KPMG PLT, subject to shareholders' approval at the 2020 AGM.

- (c) On 26 November 2020, the AC reviewed the Audit Plan for the financial year ended 31 December 2020 presented by KPMG PLT.

### 3. Internal Audit

- (a) The Internal Auditors conducted the audit work in accordance with the Internal Audit Plan for 2020 as approved by the AC on 25 February 2020.

The Internal Auditors presented the Internal Audit Report, which includes their audit findings, root-cause analysis, recommendations with overall rating and management response to the recommendations at each of the AC meeting during the year.

The Internal Auditors' scope of audit engagement was developed based on risk-based audit methodology. The key audit areas that were identified and reported in 2020 were as follows :-

<b>AC Meeting</b>	<b>Audit Areas</b>
25 February 2020	Review on Information Technology Control
28 May 2020	Review on Safety, Health and Environment
26 August 2020	Review on Product Development Department
26 November 2020	Review on Quality Assurance and Quality Control Function

- (b) The Internal Auditors also presented the Follow-up Reviews on previous Audit Findings for (i) Finance Function; (ii) Inventory Quantity Management; and (iii) Information Technology Control and updated the AC on the status of remedial actions taken by the management team in respect of issues previously raised.
- (c) The AC obtained confirmation on independence and objectivity from the Internal Auditors that the audit personnel were free from any relationship or conflicts of interest with the Group during the audit for the year 2020.

# Audit Committee Report

(cont'd)

## SUMMARY OF ACTIVITIES OF THE AC DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

### 3. Internal Audit (cont'd)

- (d) The AC deliberated on the Key Observations on the Effectiveness of Internal Control Function of Listed Issuers and the Findings of the Thematic Review and Key Takeaways Co-Published by Bursa Malaysia Securities Berhad and The Institute of Internal Auditors Malaysia on 21 October 2020 ("Bursa Malaysia Thematic Review Findings and Key Takeaways") and the Group's internal audit function's state of compliance with the 7 criteria as stated in Bursa Malaysia Thematic Review Findings and Key Takeaways, pertaining to the work of internal audit function.
- (e) The AC obtained confirmations from the Internal Auditors for the following information, which is required to be disclosed in accordance with Practice 10.2 of the MCCG :-
- (i) The internal audit staff assigned by the Internal Auditors for each internal audit assignment had provided their written declaration that they do not have any relationship or conflict of interest with the Group, which could impair their objectivity and independence for those internal audit assignments performed during the financial year ended 31 December 2020.
  - (ii) The Internal Auditors had assigned 4 staff for each cycle to provide internal audit services to the Group during the financial year ended 31 December 2020.
  - (iii) The Internal Auditors are headed by its director, who is a Certified Internal Auditor and a member of the Institute of Internal Auditors Malaysia and the Association of Chartered Certified Accountants (UK).
  - (iv) The Internal Auditors adopt a risk-based approach and prepare its audit strategy and audit plan based on the risk assessment of the department of the Group. The Internal Auditors have performed its works in accordance with the International Professional Practices Framework for Internal Auditing from the Institute of Internal Auditors except for non-conformance with Standard 1312-External Assessments.

### 4. Risk Management

- (a) Assisted the Board to oversee the implementation of the Group's risk management policy, the framework of which is based on ISO 31000:2009, Risk management – Principles and guidelines, by reviewing the adequacy and effectiveness of the Group's risk management process including the process in identifying, evaluating, approving and reporting risk and monitoring conflict of interest situations and transactions and the key consideration to be taken in reviewing the related party transactions or conflict of interest situation.
- (b) Reviewed the risk and impact of COVID-19 pandemic to the Group and to ensure that appropriate COVID-19 standard operating procedures and mitigation measures are in place.
- (c) Reviewed the framework for the Group's Anti-Bribery and Corruption Policy ("ABC Policy") and the necessary procedures under Section 17A(5) of the Malaysian Anti-Corruption Act 2009 and the updated Whistleblowing Policy and Procedures.
- (d) Discussed the need to prioritize and ensure compliance with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).
- (e) Reviewed operational and financial performance of the Group to ensure that appropriate measures were taken to address any significant risks highlighted by the Internal Auditors.

### 5. Annual Report

- (a) Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Sustainability Statement and recommended to the Board for inclusion in the Annual Report 2019.

# Audit Committee Report

(cont'd)

## INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional service firm whose primary responsibility is to independently assure the Board, through the AC, that the systems of internal control are functioning effectively and reliably. The Internal Auditors report directly to the AC to ensure its independent status within the Group and regularly review and appraise the Group's internal control systems based on the audit plan that is reviewed and approved by the AC.

The AC, in order to ensure that the responsibilities of the Internal Auditors are fully discharged in accordance with the International Standards for the Professional Practice of Internal Auditing, reviewed the adequacy of the scope, function and resources of the Internal Auditors as well as the competency of the Internal Auditors.

On a quarterly basis, the Internal Auditors presented their audit reports which included their findings, root-cause analysis and recommendations for improvements to the AC for review and deliberation. The AC appraised the adequacy of the responses, actions and measures taken/to be taken by the management within the required timeframe in resolving the audit issues reported.

The Internal Auditors also carried out follow-up reviews to monitor the implementation of the said actions plans and measures reported to the AC. In this respect, the Internal Auditors have assisted the Group by enhancing the governance, risk management and control processes within the Group.

The total cost incurred in maintaining the outsourced Internal Audit function for the financial year ended 31 December 2020 amounted to RM51,061.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("the Board") of Classic Scenic Berhad ("the Group") recognises that it is the Board's responsibility to review the adequacy and effectiveness of the Group's system of risk management and internal control. The Board is committed to maintain and ensure that a sound system of risk management and internal control exists and operates effectively across the Group and is pleased to provide this statement outlining the nature and scope of the risk management and internal control of the Group during the financial year under review pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Statement on Risk Management and Internal Control is prepared in accordance with Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("SORMIC Guidelines").

## BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities and reaffirms its commitment to recognise the importance of having an effective and appropriate system of risk management and internal control as a matter of good corporate governance. In this respect, the Board, through the Executive and Risk Management Committee ("ERMC"), is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and effectiveness of the Group's system of risk management and internal control. The system of risk management and internal control covers inter alia, strategy, financial, operational and compliance risks. However, the Board recognises that this system is designed to manage and control risks rather than eliminate the risks of failure to achieve the Group's business objectives. Accordingly, this system can only provide reasonable, but not absolute assurance against risk exposures faced by the Group.

The Board applied the guidance in the SORMIC Guidelines which further emphasis the need for maintaining a sound system of risk management and internal control.

## RISK MANAGEMENT

The Group's risk management system is guided by the principles of ISO 31000:2009, Risk Management – Principles and guidelines, which provides a framework and process for managing risk. The Board, with its ERMC and guidance from its outsourced internal audit function, have established processes for identifying, evaluating and managing the significant risks faced by the core business of the Group, i.e. manufacturing of wooden picture frame moulding, and these processes include:

- (a) conducting risk profiling and determining key risk areas and their impact; and
- (b) updating of the operational risk register and the system of internal controls to incorporate changes in business environment and regulatory guidelines.

These processes have been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

The established risk management framework to manage risks affecting its business and operations includes the following features:

- (a) Defined functional responsibilities and authorities for the management of risks
  - (i) The ERMC is responsible for identifying, evaluating, and managing the significant and emerging risks faced by the core business of the Group.

In broad terms, the ERMC reviews the risks and opportunities associated with the Group's business strategies and its operating processes; sets the materiality limits for reporting and communication of performance and decides on the appropriate actions to balance the risks encountered and potential rewards. Heads of department shall identify, evaluate, and manage or report risks arising from the day-to-day management of the Group's activities to the ERMC.

Annually, the ERMC reports the assessment of adequacy and effectiveness of risk management and internal control to the Board via the Audit Committee.



# Statement on Risk Management and Internal Control (cont'd)

## RISK MANAGEMENT (cont'd)

(a) Defined functional responsibilities and authorities for the management of risks (cont'd)

(ii) Board of Directors, via the Audit Committee, is responsible for the following:

- oversee the establishment and implementation of the risk management system;
- review the adequacy and effectiveness of the risk management and internal control system annually to ensure their continued application and relevance.

The Board also reviews and approves the risk management policy, risk limits and risk tolerance and relies largely on the close involvement of the Executive Directors of the Group in its daily operations. There are reviews of operational and financial performance at Management, Audit Committee and Board Meetings on a quarterly basis. The Board and Management ensure that appropriate measures are taken to address any significant risks.

(b) Risk management process

Within the Group's risk management framework, the Group has established a structured process for the risk identification, risk analysis, risk evaluation, risk treatment, communication as well as continuous monitoring and review.

Risk identification - all strategic business units maintain operational risk registers, whereby all material risks, risk owners, control system, likelihood, consequences, and risk profile are identified and recorded in the risk registers.

Risk analysis - the Group utilises quantitative and qualitative assessment to measure the risk impact and likelihood, as guided by the risk parameter guidelines.

Risk evaluation - the Heads of Department and the ERMC evaluate and determine whether the level of risk is acceptable or unacceptable, taking into consideration the risk appetite of the Group.

Risk treatment - the Heads of Department and the ERMC determine the risk treatment options, such as terminate risk, transfer risk, treat risk or tolerate risk.

## INTERNAL CONTROL

The Board has considered the system of internal control in operation during the financial year and some of the key elements include the following:

- Business plan including annual budget is prepared to measure the financial and operational performance of the Group. The ERMC and the Board of Directors review and approve the annual budget;
- Other performance evaluation activities by the ERMC include reviewing monthly management accounts/reports, comparing actual performance with budgets and explanation by management of any major variances;
- The ERMC meets monthly to review the operational and financial performance of the Group to ensure that they are in line with the corporate objectives, strategies, and annual budget. The ERMC also formulates strategies, policies and code of practices to address changes in the business environment and risks;
- Board Committees, namely the Audit Committee, ERMC, Nomination and Remuneration Committee, have been established with defined terms of reference;

# Statement on Risk Management and Internal Control (cont'd)

## INTERNAL CONTROL (cont'd)

- Management organisation structure with reporting lines of accountability and authority have been defined and documented;
- Operational review meetings were held twice during the year and attended by the Executive Directors and the Heads of Department to identify, discuss and resolve key operational issues, to further improve the effectiveness of the system of internal control;
- Code of Conduct and Standard Operating Procedures which include the ISO 9001:2015 Quality Management System for the core business of the Group are documented;
- There are procedures within the Group for hiring and termination of staff, formal training programmes for staff, annual performance appraisals and other relevant procedures in place to ensure that staff are competent and trained in carrying out their responsibilities;
- ISO 9001:2015 Quality Management System has been implemented for the Group's core business. Internal quality audits and annual surveillance audit are carried out internally and by an external certification body respectively. These audits are conducted annually to provide assurance of compliance with the ISO 9001:2015 Quality Management System;
- The Audit Committee reviews the quarterly financial results, annual report, audited financial statements, the Group's risk profile and internal control issues identified internally and by the Internal Auditors. The Audit Committee also monitors the implementation of the recommendations, if any, proposed by the Internal Auditors.

The Board engaged an outsourced internal audit service provider ("Outsourced IA") to provide independent internal audit services to the Group. The Outsourced IA adopts a risk-based approach and prepares its audit strategy and plan based on the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the audit plan approved by the Audit Committee. On a quarterly basis, the Outsourced IA presents to the Audit Committee its internal audit report which summarises audit findings and recommendations with respect to the system of internal control and control weaknesses; as well as the effectiveness of the implementation of these recommendations.

Some areas of improvement to internal controls were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal controls have not resulted in any material or significant losses and/or require further disclosure in this Statement.

## ANTI-FRAUD AND WHISTLE BLOWING POLICY

The Group adopts a risk-based approach to fraud; the Anti-Fraud and Whistle Blowing Policy is the main component that drives the anti-fraud work undertaken. This policy provides the required direction and guidance to deal with fraud and related matters and further defines the rights of the informants and the protection accorded to them. The Group's formalised anti-fraud policy, includes the following objectives:

- The Group's business is conducted in compliance with the law;
- Promotion and cultivation of an honest environment;
- Enhance the awareness of the Group's stand on illegal, unethical, and dishonest acts and the consequences of such acts to its employees; and
- Create employees' awareness of their roles, rights and responsibilities pertaining to illegal, unethical, and dishonest acts.

# Statement on Risk Management and Internal Control (cont'd)

## **ANTI-FRAUD AND WHISTLE BLOWING POLICY (cont'd)**

The anti-fraud policy sets out the responsibility of employees of the Group for preventing and detecting defalcations, misappropriations and other irregularities, the specific roles of employees in prevention and detection of fraud and fraud discovery reporting as well as the steps the Group will take in respect of employees involved in fraudulent activities. The adoption of the anti-fraud policy reduces the Group's exposure to reputational risk arising from fraudulent activities.

## **ANTI-BRIBERY AND CORRUPTION POLICY AND PROCEDURES**

The Group adopts a zero-tolerance approach to bribery and corruption and is committed to conduct business in an honest and ethical manner. The Group is also committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever it operates; to implement and enforce effective systems to counter bribery and corruption. The Group shall constantly uphold the laws pursuant to Malaysian Anti-Corruption Commission (Amendment) Act 2018 and all other laws relating to anti-bribery and corruption in all jurisdictions in which it operates.

The Anti-Bribery and Corruption Policy and Procedures, which were developed in line with Section 17(A) of Malaysian Anti-Corruption Commission and adopted by the Group in May 2020. This sets out the Group's responsibilities to comply with laws and regulations in relation to bribery and corruption and provide guidance on how to recognise and deal with bribery and corruption issues, to ensure that the Group's business is conducted in a socially ethical manner.

## **STATE OF RISK MANAGEMENT AND INTERNAL CONTROL**

The Board has reviewed the system of risk management and internal control in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report and is of the view that the system of risk management and internal control is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, to meet the Group's objective during the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board recognises that the system of risk management and internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control and risk management framework.

This statement was made in accordance with a resolution of the Board dated 16 April 2021.

# STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2020, the Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- ensure compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016;
- made estimates and judgements which are reasonable and prudent; and
- ensure the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy.

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

This Statement was made in accordance with a resolution of the Board dated 16 April 2021.





**CLASSIC SCENIC BERHAD**  
Registration No. 200301031466 (633887-M)

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### ULTIMATE HOLDING COMPANY

The Company was a subsidiary of Lim Ket Leng Holding Sdn. Bhd. ("LKLH"), of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year. LKLH ceased to be the ultimate holding company on 4 March 2021 following the disposal of its entire equity interest in the Company.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	6,372,766	2,358,644

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

### DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2019 as reported in the Directors' Report of that year, a second interim single tier dividend of 2.0 sen per ordinary share totalling RM2,409,995 declared on 25 February 2020 and paid on 17 April 2020; and
- ii) In respect of the financial year ended 31 December 2020, a first interim single tier dividend of 3.0 sen per ordinary share totalling RM3,614,992 declared on 26 November 2020 and paid on 4 January 2021.

### DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Lim Chee Beng  
 Lim Chee Hwa  
 Au Thin An @ Low Teen Ann  
 Lee Kong Weng  
 Chow Chooi Yoong  
 Lim Kwee Huay (appointed on 1 December 2020)  
 Ooi Youk Lan (appointed on 1 April 2021)  
 Lim Chee Keong (resigned on 12 August 2020)

Lim Chee Beng, Lim Chee Hwa and Lim Kwee Huay are also the Directors of the subsidiaries of the Group.

# Directors' Report

For the year ended 31 December 2020

(cont'd)

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.1.2020/ date of appointment	Number of ordinary shares		At 31.12.2020
		Bought	Sold	
<b>Interest in the Company</b>				
<b>Direct</b>				
Au Thin An @ Low Teen Ann				
- own	48,000	-	24,000	24,000
- others*	218,300	-	68,300	150,000
Lee Kong Weng				
- own	20,800	-	-	20,800
- others*	4,800	-	-	4,800
Lim Kwee Huay - own	8,178,000	1,000,000	7,000,000	2,178,000
Lim Chee Beng - others*	1,500,000	636,200	-	2,136,200
<b>Indirect</b>				
Lim Kwee Huay - own	49,933,132	-	-	49,933,132
Lim Chee Hwa - own	49,933,132	-	-	49,933,132
Lim Chee Beng - own	49,933,132	-	-	49,933,132

\* Shares held through spouse and/or children.

	At 1.1.2020/ date of appointment	Number of ordinary shares		At 31.12.2020
		Bought	Sold	
<b>Interest in the holding company.</b>				
<b>Lim Ket Leng Holding Sdn. Bhd.</b>				
<b>Direct</b>				
Lim Chee Hwa - own	2,024	-	-	2,024
Lim Chee Beng - own	2,024	1,976	-	4,000
Lim Kwee Huay - own	1,000	1,876	-	2,876

By virtue of their interests in the shares of the holding company, Lim Chee Hwa, Lim Chee Beng and Lim Kwee Huay are also deemed interested in the shares of the Company and its subsidiaries during the financial year to the extent that the Company has an interest.

The other Director holding office at 31 December 2020 did not have any interest in the shares of the Company and of its related corporations during the financial year.

# Directors' Report

For the year ended 31 December 2020  
(cont'd)

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance coverage effected for Directors and officers of the Company is RM5,000,000 (2019: RM5,000,000).

There was no indemnity given to or insurance effected for auditors of the Company during the financial year.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have 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:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) 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, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.



# Directors' Report

For the year ended 31 December 2020  
(cont'd)

## OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 27 to the financial statements.

## AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

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

.....  
**Lim Chee Beng**

Director

.....  
**Lim Chee Hwa**

Director

Petaling Jaya

Date: 16 April 2021

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Assets</b>					
Property, plant and equipment	3	48,638,558	50,081,679	210	774
Intangible asset	4	878,181	878,181	-	-
Investment in subsidiaries	5	-	-	62,431,585	46,206,272
<b>Total non-current assets</b>		<b>49,516,739</b>	<b>50,959,860</b>	<b>62,431,795</b>	<b>46,207,046</b>
Inventories	6	22,970,278	25,467,457	-	-
Trade and other receivables	7	4,435,008	6,105,370	4,160	19,963,786
Prepayments and other assets	8	575,349	937,083	-	-
Current tax assets		-	232,358	-	-
Derivative financial assets	9	120,225	241,622	-	-
Cash and cash equivalents	10	25,814,975	14,035,336	8,971,435	5,291,357
<b>Total current assets</b>		<b>53,915,835</b>	<b>47,019,226</b>	<b>8,975,595</b>	<b>25,255,143</b>
<b>Total assets</b>		<b>103,432,574</b>	<b>97,979,086</b>	<b>71,407,390</b>	<b>71,462,189</b>
<b>Equity</b>					
Share capital	11	60,690,723	60,690,723	60,690,723	60,690,723
Retained earnings		32,089,587	31,741,808	6,999,322	10,665,665
<b>Total equity attributable to owners of the Company</b>		<b>92,780,310</b>	<b>92,432,531</b>	<b>67,690,045</b>	<b>71,356,388</b>
Non-controlling interest		-	-	-	-
<b>Total equity</b>		<b>92,780,310</b>	<b>92,432,531</b>	<b>67,690,045</b>	<b>71,356,388</b>
<b>Liabilities</b>					
Deferred tax liabilities	12	2,969,797	3,076,791	-	-
<b>Total non-current liabilities</b>		<b>2,969,797</b>	<b>3,076,791</b>	<b>-</b>	<b>-</b>
Current tax liabilities		381,125	57,734	-	-
Trade and other payables	13	7,056,231	2,332,599	3,717,345	105,801
Contract liabilities	14	245,111	79,431	-	-
<b>Total current liabilities</b>		<b>7,682,467</b>	<b>2,469,764</b>	<b>3,717,345</b>	<b>105,801</b>
<b>Total liabilities</b>		<b>10,652,264</b>	<b>5,546,555</b>	<b>3,717,345</b>	<b>105,801</b>
<b>Total equity and liabilities</b>		<b>103,432,574</b>	<b>97,979,086</b>	<b>71,407,390</b>	<b>71,462,189</b>

The notes on pages 41 to 81 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	15	46,269,209	56,067,131	2,800,000	7,000,000
Cost of sales		(30,960,386)	(40,614,506)	-	-
<b>Gross profit</b>		15,308,823	15,452,625	2,800,000	7,000,000
Other income		170,402	123,184	-	-
Distribution expenses		(1,038,343)	(1,178,612)	-	-
Administrative expenses		(3,604,866)	(3,826,241)	(346,380)	(335,753)
Other expenses		(2,425,859)	(2,542,711)	(227,280)	(45,320)
Net loss on impairment of financial instruments		(2,000)	-	-	-
<b>Results from operating activities</b>		8,408,157	8,028,245	2,226,340	6,618,927
Finance income	16	169,822	266,145	132,304	198,806
<b>Profit before tax</b>		8,577,979	8,294,390	2,358,644	6,817,733
Income tax expense	17	(2,205,213)	(2,040,267)	-	-
<b>Profit and total comprehensive income for the year</b>	18	6,372,766	6,254,123	2,358,644	6,817,733
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		6,372,766	6,254,123	2,358,644	6,817,733
Non-controlling interest		-	-	-	-
		6,372,766	6,254,123	2,358,644	6,817,733
<b>Basic earnings per ordinary share (sen)</b>	19	5.29	5.19		
<b>Diluted earnings per ordinary share (sen)</b>	19	5.29	5.19		

The notes on pages 41 to 81 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Note	← Attributable to owners of the Company →			Non-controlling interest RM	Total equity RM
		Share capital RM	Retained earnings RM	Total RM		
<b>At 1 January 2019</b>		60,690,723	33,922,667	94,613,390	-	94,613,390
<b>Profit and total comprehensive income for the year</b>		-	6,254,123	6,254,123	-	6,254,123
Distributions to owners of the Company						
- Dividends	20	-	(8,434,982)	(8,434,982)	-	(8,434,982)
<b>At 31 December 2019/ 1 January 2020</b>		60,690,723	31,741,808	92,432,531	-	92,432,531
<b>Profit and total comprehensive income for the year</b>		-	6,372,766	6,372,766	-	6,372,766
Distributions to owners of the Company						
- Dividends	20	-	(6,024,987)	(6,024,987)	-	(6,024,987)
<b>At 31 December 2020</b>		60,690,723	32,089,587	92,780,310	-	92,780,310

Note 11

The notes on pages 41 to 81 are an integral part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2020

Company	Note	← Attributable to owners of the Company →		
		Share capital RM	Retained earnings RM	Total equity RM
<b>At 1 January 2019</b>		60,690,723	12,282,914	72,973,637
<b>Profit and total comprehensive income for the year</b>		-	6,817,733	6,817,733
Distributions to owners of the Company - Dividends	20	-	(8,434,982)	(8,434,982)
<b>At 31 December 2019/1 January 2020</b>		60,690,723	10,665,665	71,356,388
<b>Profit and total comprehensive income for the year</b>		-	2,358,644	2,358,644
Distributions to owners of the Company - Dividends	20	-	(6,024,987)	(6,024,987)
<b>At 31 December 2020</b>		60,690,723	6,999,322	67,690,045

Note 11

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from operating activities</b>					
Profit before tax		8,577,979	8,294,390	2,358,644	6,817,733
Adjustments for:					
Depreciation of property, plant and equipment	3	1,857,323	1,985,641	564	1,224
Dividend income from subsidiaries	15	-	-	(2,800,000)	(7,000,000)
Finance income	16	(169,822)	(266,145)	(132,304)	(198,806)
Loss on disposal of property, plant and equipment	18	65,334	37,813	-	-
Net impairment loss on:					
- financial assets	18	2,000	-	-	-
- investment in subsidiaries	18	-	-	193,273	-
Net unrealised foreign exchange gains		(115,412)	(93,373)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		10,217,402	9,958,326	(379,823)	(379,849)
Changes in working capital:					
Inventories		2,497,179	(1,092,769)	-	-
Trade and other payables		1,108,640	(745,337)	(3,448)	17,301
Trade and other receivables, prepayments and other assets		2,266,905	1,988,640	275,917	(2,335,166)
Contract liabilities		165,680	50,461	-	-
<b>Cash generated from/(used in) operations</b>		16,255,806	10,159,321	(107,354)	(2,697,714)
Dividend received		-	-	2,800,000	7,000,000
Interest received		169,822	266,145	132,304	198,806
Net income tax paid		(1,756,458)	(1,204,244)	-	-
<b>Net cash from operating activities</b>		14,669,170	9,221,222	2,824,950	4,501,092

The notes on pages 41 to 81 are an integral part of these financial statements.

# Statement of Cash Flow

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(652,536)	(1,735,395)	-	-
Net repayment of capital contributions by subsidiaries	5	-	-	3,265,123	1,032,734
Proceeds from disposal of property, plant and equipment		173,000	77,800	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(479,536)</b>	<b>(1,657,595)</b>	<b>3,265,123</b>	<b>1,032,734</b>
<b>Cash flows from financing activity</b>					
Dividends paid to owners of the Company	20	(2,409,995)	(8,434,982)	(2,409,995)	(8,434,982)
<b>Net cash used in financing activity</b>		<b>(2,409,995)</b>	<b>(8,434,982)</b>	<b>(2,409,995)</b>	<b>(8,434,982)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,779,639</b>	<b>(871,355)</b>	<b>3,680,078</b>	<b>(2,901,156)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>14,035,336</b>	<b>14,906,691</b>	<b>5,291,357</b>	<b>8,192,513</b>
<b>Cash and cash equivalents at 31 December</b>	10	<b>25,814,975</b>	<b>14,035,336</b>	<b>8,971,435</b>	<b>5,291,357</b>

## Cash outflows for leases as a lessee

Included in net cash from operating activities are payments relating to short-term leases of RM20,000 (2019: RM33,643).

# NOTES TO THE FINANCIAL STATEMENTS

Classic Scenic Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

**Registered office**

Level 2, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur

**Principal place of business**

Lot 9,10,11,12 & 13, Jalan RP3  
Rawang Industrial Estate  
Taman Rawang Perdana  
48000 Rawang  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as "the Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 5.

The holding company during the financial year was Lim Ket Leng Holding Sdn. Bhd. ("LKLH"), a company incorporated in Malaysia. LKLH ceased to be the holding company on 4 March 2021 following the disposal of its entire equity interest in the Company.

These financial statements were authorised for issue by the Board of Directors on 16 April 2021.

## 1. Basis of preparation

### (a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

**MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020**

- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

**MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

# Notes to the financial statements (cont'd)

## 1. Basis of preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021**

- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 June 2020 and 1 January 2021, except for Amendments to MFRS 16 which is not applicable to the Group and the Company;
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141 which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

# Notes to the financial statements (cont'd)

## 1. Basis of preparation (Cont'd)

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - measurement of the recoverable amount of cash-generating unit
- Note 6 - valuation of sawn timber inventories

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Amounts due from subsidiaries which are unsecured, interest free and repayment of the amounts are at the discretion of the subsidiaries are in substance, a part of the Company's investment in the subsidiaries and are measured at cost less any accumulated impairment losses.



# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

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

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the 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.

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.

#### (iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (iv) Transactions eliminated on consolidation

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

### (b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

### (c) Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

##### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

##### (b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(j)(i)).

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

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

#### (ii) Financial instrument categories and subsequent measurement (Cont'd)

##### Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

##### (a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

##### (b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

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

#### (iii) Derecognition

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of 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 expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs 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 the cost of materials and direct labour.

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 (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

### (d) Property, plant and equipment (Cont'd)

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• factory buildings	50 years
• machinery, forklifts, plant and equipment	5 - 10 years
• cabin, office equipment, furniture and fittings and renovation	5 - 12 years
• motor vehicles	10 years
• computer equipment	3 years

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

### (e) Leases

#### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a 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 whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

### (e) Leases (Cont'd)

#### (ii) Recognition and initial measurement

As a lessee, the Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (f) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

### (g) Inventories

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

The cost of inventories is measured based on first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and highly liquid investments with non-bank financial institutions which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

### (i) Contract liability

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (j) Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.



## Notes to the financial statements (cont'd)

### 2. Significant accounting policies (Cont'd)

#### (j) Impairment (Cont'd)

##### (i) Financial assets (Cont'd)

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events 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.

The Group and the Company estimate the expected credit losses on trade receivables individually using past payment trends and other external information available to the public.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources 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 or the Company's procedures for recovery amounts due.

##### (ii) Other assets

The carrying amounts of other 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, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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 other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

### (j) Impairment (Cont'd)

#### (ii) Other assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

### (k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are classified as equity.

### (l) Employee benefits

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

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

### (m) Revenue and other income

#### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

#### (ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

#### (iv) Income from highly liquid investments

Income from highly liquid investments is recognised as interest income when the Group's and the Company's right to receive payment is established.

### (n) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

# Notes to the financial statements (cont'd)

## 2. Significant accounting policies (Cont'd)

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (o) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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, which comprise convertible notes and share options granted to employees.

### (p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (q) Fair value measurements

Fair value of an asset or a liability, 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 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 uses observable market data as far as possible. Fair value are 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 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## Notes to the financial statements (cont'd)

### 3. Property, plant and equipment

Group	Note	Freehold land		Factory buildings	Machinery, forklifts, plant and equipment		Cabin, office equipment, furniture and fittings and renovation		Motor vehicles	Computer equipment	Construction in-progress	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>												
At 1 January 2019		24,336,938	25,501,592		25,438,557	3,607,992	3,468,656	1,953,227	1,252,091			85,559,053
Additions		495,737	-		431,144	60,700	152,346	70,584	524,884			1,735,395
Disposals		-	-		(158,000)	-	(311,994)	-	-			(469,994)
At 31 December 2019/ 1 January 2020		24,832,675	25,501,592		25,711,701	3,668,692	3,309,008	2,023,811	1,776,975			86,824,454
Additions		-	-		151,939	20,480	226,393	49,188	204,536			652,536
Disposals		-	-		(395,349)	-	(293,801)	-	-			(689,150)
At 31 December 2020		24,832,675	25,501,592		25,468,291	3,689,172	3,241,600	2,072,999	1,981,511			86,787,840





## Notes to the financial statements (cont'd)

### 3. Property, plant and equipment (Cont'd)

Company	Note	Office equipment RM
<b>Cost</b>		
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020		15,300
<b>Depreciation</b>		
At 1 January 2019		13,302
Depreciation for the year	18	1,224
At 31 December 2019/1 January 2020		14,526
Depreciation for the year	18	564
At 31 December 2020		15,090
<b>Carrying amounts</b>		
At 1 January 2019		1,998
At 31 December 2019/1 January 2020		774
At 31 December 2020		210

### 4. Intangible asset

Group	Goodwill	
	2020 RM	2019 RM
Cost/Carrying amount		
At 1 January/31 December	878,181	878,181

#### Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's wooden picture frame mouldings manufacturing division which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows expected to be generated from the continuing use of the wooden picture frame mouldings manufacturing division and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a 5-year (2019: 5-year) projection.
- Revenue was projected based on historical sales growth, adjusted for forward looking market conditions and internal sales strategies.
- A pre-tax discount rate of 11.0% (2019: 8.35%) was applied in determining the recoverable amount of the division. The discount rate was estimated based on the industry weighted average cost of capital.

## Notes to the financial statements (cont'd)

### 4. Intangible asset (Cont'd)

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

The Group will not suffer any impairment loss even if the above estimates experienced the following changes:

- An increase of 1% (2019: 1%) in the discount rate; and
- A 10% (2019: 10%) decrease in future projected revenue.

### 5. Investment in subsidiaries

Company	Cost of investment RM	Capital contributions RM	Total RM
<b>Cost</b>			
At 1 January 2019	41,557,970	10,772,788	52,330,758
Net repayment of capital contributions	-	(1,032,734)	(1,032,734)
At 31 December 2019/1 January 2020	41,557,970	9,740,054	51,298,024
Net repayment of capital contributions	-	(3,265,123)	(3,265,123)
Reclassification from advances to a subsidiary (Note 5.2)	-	19,683,709	19,683,709
At 31 December 2020	41,557,970	26,158,640	67,716,610
<b>Impairment losses</b>			
At 1 January 2019/ 31 December 2019/ 1 January 2020	4,568,394	523,358	5,091,752
Impairment loss	-	193,273	193,273
At 31 December 2020	4,568,394	716,631	5,285,025
<b>Carrying amounts</b>			
At 1 January 2019	36,989,576	10,249,430	47,239,006
At 31 December 2019/1 January 2020	36,989,576	9,216,696	46,206,272
At 31 December 2020	36,989,576	25,442,009	62,431,585
	Note 5.1	Note 5.2	

## Notes to the financial statements (cont'd)

### 5. Investment in subsidiaries (Cont'd)

5.1 Details of the subsidiaries are as follows:

Name of entity	Principal activities	Country of incorporation	Effective ownership and voting interest	
			2020 %	2019 %
Finesse Moulding (M) Sdn. Bhd.	Manufacture of wooden picture frame mouldings	Malaysia	100	100
Scenic Moulding (M) Sdn. Bhd.	Property holding and rental of properties	Malaysia	100	100
Classic Frame Moulding (M) Sdn. Bhd.	Dormant	Malaysia	100	100
Lim Ket Leng Realty Sdn. Bhd.	Property holding and rental of properties	Malaysia	100	100
Lim Ket Leng Timber Sdn. Bhd.	Manufacture of timber products	Malaysia	100	100
Lim Ket Leng Marketing Sdn. Bhd.	Dormant	Malaysia	100	100
Cscenic Agro Marketing Sdn. Bhd.	Dormant	Malaysia	76	76

5.2 Capital contributions are advances due from subsidiaries which are non-trade in nature, unsecured, interest free and repayment of the advances is at the discretion of the subsidiaries. As these advances are, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment losses.

During the year, the Company has reclassified advances to a subsidiary amounting to RM19,683,709 to capital contribution.

### 6. Inventories

Group	2020 RM	2019 RM
Raw materials and consumables	16,036,725	20,332,644
Work-in-progress	3,681,829	2,797,745
Finished goods	3,251,724	2,337,068
	<u>22,970,278</u>	<u>25,467,457</u>

Inventories recognised as cost of sales in profit or loss during the financial year amounted to RM30,960,386 (2019: RM40,614,506).

## Notes to the financial statements (cont'd)

### 6. Inventories (Cont'd)

Included in raw materials and consumables of the Group are sawn timber inventories amounting to RM8,170,715 (2019: RM12,090,025). The determination of allowance for sawn timber inventories require write down involves judgement made by the Directors in predicting the amount of future demand from customers. In mitigating the risk of physical deterioration that may affect the valuation of sawn timber inventories, all sawn timber inventories of the Group are subjected to the following processes before they are stored in the warehouse:

- (a) chemical pressure treatment of sawn timber to infuse an acceptable level of chemical preservatives into the timbers; and
- (b) kiln-drying of sawn timber to a permissible moisture content level.

### 7. Trade and other receivables

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade</b>					
Trade receivables from contracts with customers	22.4	3,861,962	5,440,215	-	-
<b>Non-trade</b>					
Advances to a subsidiary		-	-	-	19,959,626
Other receivables and deposits		573,046	665,155	4,160	4,160
		573,046	665,155	4,160	19,963,786
		4,435,008	6,105,370	4,160	19,963,786

The advances to a subsidiary are unsecured, interest free, repayable on demand and are expected to be settled in cash.

### 8. Prepayments and other assets

Group	2020 RM	2019 RM
Prepayments	575,349	787,325
Other assets	-	149,758
	575,349	937,083

Prepayments are advance payments made to suppliers.

Other assets were goods and services tax refundable.

## Notes to the financial statements (cont'd)

### 9. Derivative financial assets

Group	2020		2019	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	4,372,848	120,225	11,319,743	241,622

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables denominated in currencies other than the functional currency of the Group entities. Forward exchange contracts entered into by the Group had maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

### 10. Cash and cash equivalents

Note	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	10,738,581	8,096,137	3,821,894	94,125
Highly liquid investments with non-bank financial institutions	15,076,394	5,939,199	5,149,541	5,197,232
	25,814,975	14,035,336	8,971,435	5,291,357

The Directors regard the highly liquid investments with non-bank financial institutions as cash and cash equivalents in view of their high liquidity and insignificant risk of changes in fair value.

### 11. Share capital

Group and Company	Amount	Number of ordinary shares	Amount	Number of ordinary shares
	2020 RM	2020	2019 RM	2019
<b>Ordinary shares, issued and fully paid shares with no par value classified as equity instruments</b>				
At 1 January/ 31 December	60,690,723	120,499,740	60,690,723	120,499,740

#### Ordinary shares

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. Ordinary shares of the Company do not have any par value.

## Notes to the financial statements (cont'd)

### 12. Deferred tax liabilities

#### Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities (before offsetting) are attributable to the following:

Group	Assets		Liabilities		Net	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Property, plant and equipment	-	-	2,771,938	2,884,221	2,771,938	2,884,221
Other temporary differences	-	-	197,859	192,570	197,859	192,570
Tax liabilities	-	-	2,969,797	3,076,791	2,969,797	3,076,791
Set off	-	-	-	-	-	-
Net tax liabilities	-	-	2,969,797	3,076,791	2,969,797	3,076,791

#### Movement in temporary differences during the year

Group	Note	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 January 2019		2,974,276	113,715	3,087,991
Recognised in profit or loss	17	(90,055)	78,855	(11,200)
At 31 December 2019/1 January 2020		2,884,221	192,570	3,076,791
Recognised in profit or loss	17	(112,283)	5,289	(106,994)
At 31 December 2020		2,771,938	197,859	2,969,797

### 13. Trade and other payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Trade</b>				
Trade payables	1,119,584	743,370	-	-
<b>Non-trade</b>				
Other payables and accruals	2,321,655	1,589,229	102,353	105,801
Dividend payable	3,614,992	-	3,614,992	-
	5,936,647	1,589,229	3,717,345	105,801
	7,056,231	2,332,599	3,717,345	105,801



## Notes to the financial statements (cont'd)

### 14. Contract liabilities

The contract liabilities primarily relate to the advance consideration received from contract customers for wooden picture frame mouldings to be exported. The contract liabilities are expected to be recognised as revenue over the next financial year.

Significant changes to contract liabilities balances during the year are as follows:

Group	2020 RM	2019 RM
Contract liabilities at the beginning of the year recognised as revenue	78,220	28,970
Advances received from customers	245,111	79,431

### 15. Revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Revenue from contracts with customers</b>	46,269,209	56,067,131	-	-
<b>Other revenue</b>				
Dividend income from subsidiaries	-	-	2,800,000	7,000,000
	46,269,209	56,067,131	2,800,000	7,000,000

#### 15.1 Disaggregation of revenue

Group	Reportable segments and major products				Total	
	Wooden picture frame mouldings		Other timber products		2020 RM	2019 RM
	2020 RM	2019 RM	2020 RM	2019 RM		
<b>Primary geographical markets</b>						
North America	29,992,210	40,923,126	-	-	29,992,210	40,923,126
Australia	5,613,421	4,650,553	-	-	5,613,421	4,650,553
Malaysia	268,846	252,850	7,351,445	6,193,370	7,620,291	6,446,220
Other countries	3,043,287	4,047,232	-	-	3,043,287	4,047,232
	38,917,764	49,873,761	7,351,445	6,193,370	46,269,209	56,067,131

All revenue from contracts with customers are recognised at a point in time.

## Notes to the financial statements (cont'd)

### 15. Revenue (Cont'd)

#### 15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Wooden picture frame mouldings	Revenue is recognised when the goods are delivered on board of the export vessel (export sales) or delivered and accepted by the customers at their premises (local sales).	Credit period of 0-60 days from invoice date
Other timber products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 0-30 days from invoice date.

There are no variable element in consideration, obligation for returns or refunds and warranty for any of the goods and services promised by the Group.

#### 15.3 Transaction price allocated to the remaining performance obligations

There are no performance obligations that are unsatisfied for contracts that have an original duration of more than one year at the reporting date.

#### 15.4 Significant judgements and assumptions arising from revenue recognition

The Group did not apply significant judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers.

### 16. Finance income

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost	2,633	33,341	-	-
Other finance income	167,189	232,804	132,304	198,806
	169,822	266,145	132,304	198,806

## Notes to the financial statements (cont'd)

### 17. Income tax expense

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Recognised in profit or loss</b>				
<b>Current tax expense</b>				
Malaysian				
- current year	2,286,531	2,015,091	-	-
- under provision in prior year	25,676	36,376	-	-
Total current tax recognised in profit or loss	2,312,207	2,051,467	-	-
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences				
	(98,710)	(19,739)	-	-
(Over)/Under provision in prior year	(8,284)	8,539	-	-
Total deferred tax recognised in profit or loss (Note 12)	(106,994)	(11,200)	-	-
Total income tax expense	2,205,213	2,040,267	-	-
<b>Reconciliation of income tax expense</b>				
Profit before tax	8,577,979	8,294,390	2,358,644	6,817,733
Income tax calculated using				
Malaysian tax rate at 24%	2,058,715	1,990,654	566,075	1,636,256
Non-deductible expenses	169,232	157,840	137,678	91,457
Tax incentive	-	(97,286)	-	-
Tax exempt income	(40,126)	(55,856)	(703,753)	(1,727,713)
	2,187,821	1,995,352	-	-
Under provision in prior year	17,392	44,915	-	-
Total income tax expense	2,205,213	2,040,267	-	-

## Notes to the financial statements (cont'd)

### 18. Profit and total comprehensive income for the year

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>Profit and total comprehensive income for the year is arrived at after charging/(crediting):</b>					
Auditors' remuneration:					
- audit fees					
- KPMG PLT		150,000	150,000	50,000	50,000
- non-audit fees					
- KPMG PLT		10,000	10,000	10,000	10,000
- Local affiliate of KPMG PLT		46,300	46,300	5,500	5,500
<b>Material expenses/ (income)</b>					
Depreciation of property,					
plant and equipment	3	1,857,323	1,985,641	564	1,224
Dividend income from subsidiaries	15	-	-	(2,800,000)	(7,000,000)
Loss on disposal of property,					
plant and equipment		65,334	37,813	-	-
Impairment loss on:					
- financial assets	22.4	2,000	-	-	-
- investment in subsidiaries		-	-	193,273	-
Net (gains)/losses on foreign exchange:					
- unrealised		(115,412)	(93,373)	-	-
- realised		218,457	48,383	-	-
Personnel expenses (including key management personnel):					
- contributions to state plan		769,203	763,001	-	-
- wages, salaries and others		11,502,174	13,624,132	-	-
<b>Expenses arising from leases</b>					
Expenses relating to short-term leases		20,000	33,643	-	-

### 19. Earnings per ordinary share

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2020 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2020 RM	2019 RM
Profit for the year attributable to owners of the Company	6,372,766	6,254,123

## Notes to the financial statements (cont'd)

### 19. Earnings per ordinary share (cont'd)

#### Basic earnings per ordinary share (cont'd)

Group	2020	2019
Weighted average number of ordinary shares at 31 December	120,499,740	120,499,740

Group	2020 Sen	2019 Sen
Basic earnings per ordinary share	5.29	5.19

#### Diluted earnings per ordinary share

There were no outstanding potential ordinary shares at the reporting date, hence diluted earnings per ordinary share is the same as basic earnings per ordinary share.

### 20. Dividends

Dividends recognised by the Company:

	Sen per ordinary share	Total amount RM
<b>2020</b>		
Second interim 2019 ordinary – single tier	2.0	2,409,995
First interim 2020 ordinary – single tier	3.0	3,614,992
Total amount		6,024,987
<b>2019</b>		
Second interim 2018 ordinary – single tier	4.0	4,819,990
First interim 2019 ordinary – single tier	3.0	3,614,992
Total amount		8,434,982

## Notes to the financial statements (cont'd)

### 21. Operating segments

The Group has three reportable segments, as described below, which represent the business units of the Group. The business units carry out different business activities and adopt different business strategies in carrying out their businesses. For each of the business units, the Group's Executive Directors (the chief operating decision makers) review internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segment:

<b>Reportable segment</b>	<b>Principal business activities</b>
Wooden picture frame mouldings	Manufacture and sales of wooden picture frame mouldings
Other timber products	Manufacture and sales of other timber products
Property holding	Holding and rental of properties

Other non-reportable segments comprise operations related to investment holding. None of these segments met the quantitative thresholds for reporting segments.

Performance is measured based on segment profit as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### **Segment assets**

Segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total assets is used to measure the return on assets of each segment.

#### **Segment liabilities**

Segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total liabilities is used to evaluate liquidity risk of each segment.

## Notes to the financial statements (cont'd)

### 21. Operating segments (cont'd)

Group	Wooden picture frame mouldings		Other timber products		Property holding		Total	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Segment profit	4,734,075	4,741,062	832,419	539,233	1,187,654	1,285,067	6,754,148	6,565,362
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	38,917,764	49,873,761	7,351,445	6,193,370	-	-	46,269,209	56,067,131
Inter-segment revenue	-	-	-	-	2,410,370	2,504,268	2,410,370	2,504,268
Depreciation	1,173,496	1,303,544	176,532	174,142	368,755	368,756	1,718,783	1,846,442
Finance income	22,636	48,402	1,896	2,510	5,336	6,797	29,868	57,709
Tax expense	1,556,834	1,545,573	266,386	89,838	420,627	443,490	2,243,847	2,078,901
<b>Segment assets</b>	45,859,344	43,121,859	4,894,761	4,757,607	38,967,349	41,123,057	89,721,454	89,002,523
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	444,801	648,652	3,200	66,122	204,535	1,020,621	652,536	1,735,395
Segment liabilities	4,154,498	23,834,797	529,652	374,917	1,241,179	1,204,541	5,925,329	25,414,255



## Notes to the financial statements (cont'd)

### 21. Operating segments (cont'd)

#### Reconciliation of reportable segment revenue, profit or loss, assets and other material items

	Segment profit RM	External revenue RM	Depreciation RM	Finance income RM	Tax expense RM	Segment assets RM	Segment liabilities RM
<b>2020</b>							
Total reportable segments	6,754,148	46,269,209	1,718,783	29,868	2,243,847	89,721,454	5,925,329
Other non-reportable segments	2,324,688	-	138,540	139,954	-	51,924,409	3,738,520
Elimination of inter-segment transactions or balances	(2,706,070)	-	-	-	(38,634)	(38,213,289)	988,415
Consolidated total	6,372,766	46,269,209	1,857,323	169,822	2,205,213	103,432,574	10,652,264
<b>2019</b>							
Total reportable segments	6,565,362	56,067,131	1,846,442	57,709	2,078,901	89,002,523	25,414,255
Other non-reportable segments	6,788,104	-	139,199	208,436	-	71,501,905	130,449
Elimination of inter-segment transactions or balances	(7,099,343)	-	-	-	(38,634)	(62,525,342)	(19,998,149)
Consolidated total	6,254,123	56,067,131	1,985,641	266,145	2,040,267	97,979,086	5,546,555

#### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue		Segment
	2020 RM	2019 RM	
Customer A	6,471,826	8,195,707	Wooden picture frame mouldings
Customer B	4,266,209	4,852,233	Wooden picture frame mouldings
Customer C	6,981,436	7,180,202	Wooden picture frame mouldings

## Notes to the financial statements (cont'd)

### 22. Financial instruments

#### 22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL")
  - Mandatorily required by MFRS 9
- (b) Amortised cost ("AC")

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM
<b>2020</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	4,435,008	4,435,008	-
Derivative financial assets	120,225	-	120,225
Cash and cash equivalents	25,814,975	10,738,581	15,076,394
	30,370,208	15,173,589	15,196,619
<b>Company</b>			
Trade and other receivables	4,160	4,160	-
Cash and cash equivalents	8,971,435	3,821,894	5,149,541
	8,975,595	3,826,054	5,149,541
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	7,056,231	7,056,231	-
<b>Company</b>			
Trade and other payables	3,717,345	3,717,345	-
<b>2019</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	6,105,370	6,105,370	-
Derivative financial assets	241,622	-	241,622
Cash and cash equivalents	14,035,336	8,096,137	5,939,199
	20,382,328	14,201,507	6,180,821
<b>Company</b>			
Trade and other receivables	19,963,786	19,963,786	-
Cash and cash equivalents	5,291,357	94,125	5,197,232
	25,255,143	20,057,911	5,197,232

# Notes to the financial statements (cont'd)

## 22. Financial instruments (cont'd)

### 22.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM
<b>2019</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	2,332,599	2,332,599	-
<b>Company</b>			
Trade and other payables	105,801	105,801	-

### 22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net gains/(losses) on:				
Financial assets at amortised cost	19,614	(114,445)	-	-
Financial assets at fair value through profit or loss - Mandatorily required by MFRS 9	45,163	425,580	132,304	198,806
	64,777	311,135	132,304	198,806

### 22.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 22.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables from customers. The Company's exposure to credit risk arises principally from non-trade amount due from a subsidiary.

#### Trade receivables

##### *Risk management objectives, policies and processes for managing the risk*

In mitigating this risk, the management has established credit management procedures and had carried out monthly review over the Group's exposure to credit risk in respect of trade receivables.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.4 Credit risk (cont'd)

##### Trade receivables (cont'd)

##### *Risk management objectives, policies and processes for managing the risk (cont'd)*

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

##### *Exposure to credit risk, credit quality and collateral*

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

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis and past payment trend analysis to monitor the credit quality of trade receivables. Any trade receivables having significant balances past due more than 30 days (2019: 30 days) and have exceeded their individual historical collection period, which are deemed to have higher credit risk, are monitored individually.

The trade receivables of the Group are unsecured.

##### *Concentration of credit risk*

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

Group	2020 RM	2019 RM
North America	2,239,765	3,775,545
Australia	-	386,335
Malaysia	1,622,197	730,226
Others	-	548,109
	3,861,962	5,440,215

At the reporting date, approximately 37% (2019: 41%) of the Group's trade receivables were due from 3 (2019: 3) major customers located in North America.

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.4 Credit risk (cont'd)

##### Trade receivables (cont'd)

##### Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days from invoice date. The Group's debt recovery process is as follows:

- a) Above 90 days from invoice date, the Group will start to initiate debt recovery process which is monitored by the sales management team; and
- b) When a customer defaults on debt recovery arrangements, the Group will commence legal proceedings against the customer.

The Group measures ECL of trade receivables individually. Consistent with the debt recovery process, invoices of which customers have defaulted on debt recovery arrangements are generally considered as credit impaired.

Loss rates are determined for each individual customers using past payment trends and other external information relating to the customers that are publicly available. In determining the loss rates for each individual customers, the Group also considers actual credit loss experience over the past three years.

The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
<b>2020</b>			
Not past due	3,110,072	-	3,110,072
Past due less than 30 days	397,253	-	397,253
Past due 31-120 days	354,637	-	354,637
Past due more than 120 days	-	-	-
	3,861,962	-	3,861,962
<b>Credit impaired</b>			
Individually impaired	506,315	(506,315)	-
	4,368,277	(506,315)	3,861,962

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.4 Credit risk (cont'd)

##### Trade receivables (cont'd)

##### Recognition and measurement of impairment losses (cont'd)

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
<b>2019</b>			
Not past due	4,592,739	-	4,592,739
Past due less than 30 days	547,760	-	547,760
Past due 31-120 days	299,716	-	299,716
Past due more than 120 days	-	-	-
	5,440,215	-	5,440,215
<b>Credit impaired</b>			
Individually impaired	506,315	(506,315)	-
	5,946,530	(506,315)	5,440,215

Trade receivables of the Group are not supported by any collateral.

##### Inter-company advances

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to a subsidiary. The Company does not have a formal policy in place to monitor the credit risk exposure arising from advances to a subsidiary.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Advances are only provided to the wholly owned subsidiary to finance working capital and the acquisition of property, plant and equipment in the normal course of business. The advances are not secured by any collateral or supported by any other credit enhancements.

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.4 Credit risk (cont'd)

##### Inter-company advances (cont'd)

##### Recognition and measurement of impairment loss

Generally, the Company considers advances to the subsidiary to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary's advances when they are payable, the Company considers the advances to be in default when the subsidiary is not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advances to the Company in full;
- The subsidiary's advance is overdue for more than 1 year; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund with no feasible plans to turnaround its financial performance and position.

The Company determines the probability of default for the advances to a subsidiary using internal information available.

The following table provides information about the exposure to credit risk and ECLs for the subsidiary's advances as at 31 December.

Company	Gross carrying amount RM	Loss allowances RM	Net balance RM
<b>2019</b>			
Low credit risk	19,959,626	-	19,959,626
Significant increase in credit risk	-	-	-
Credit impaired	-	-	-
	19,959,626	-	19,959,626

No impairment loss allowances were made in respect of advances to a subsidiary.

There were no advances to subsidiary as at 31 December 2020.



## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables.

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to finance their operations and mitigate the effects of fluctuations in cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Under 1 year RM
<b>2020</b>				
Trade and other payables				
Derivative financial assets	7,056,231	-	7,056,231	7,056,231
Forward exchange contracts (gross settled):				
- Inflow	(120,225)	-	(4,372,848)	(4,372,848)
- Outflow	-	-	4,252,623	4,252,623
	<u>6,936,006</u>		<u>6,936,006</u>	<u>6,936,006</u>
<b>2019</b>				
Trade and other payables	2,332,599	-	2,332,599	2,332,599
Derivative financial liabilities				
Forward exchange contracts (gross settled):				
- Inflow	(241,622)	-	(11,319,743)	(11,319,743)
- Outflow	-	-	11,078,121	11,078,121
	<u>2,090,977</u>		<u>2,090,977</u>	<u>2,090,977</u>
<b>Company</b>				
<b>2020</b>				
Other payables and accruals	<u>3,717,345</u>	-	<u>3,717,345</u>	<u>3,717,345</u>
<b>2019</b>				
Other payables and accruals	<u>105,801</u>	-	<u>105,801</u>	<u>105,801</u>

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, that will affect the Group's financial position or cash flows.

##### Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EUR") and Japanese Yen ("YEN").

##### *Risk management objectives, policies and processes for managing the risk*

The Group performs ongoing review over its exposure to foreign currency risk and manage the risk by hedging, if necessary, its foreign currency denominated trade receivables, trade payables and estimated foreign currency exposure in respect of forecast sales and forecast purchases over the next three to six months. The percentage of foreign currency to be hedged is reviewed and determined by the management periodically. The Group uses forward foreign exchange contracts to hedge its foreign currency risk. Forward foreign exchange contracts used by the Group have maturities of less than one year after the end of the reporting period. Where necessary, the forward foreign exchange contracts are rolled over at maturity.

##### *Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group Balances recognised in the statement of financial position	2020 Denominated in			2019 Denominated in		
	USD RM	EUR RM	YEN RM	USD RM	EUR RM	YEN RM
Trade receivables	2,239,765	-	-	4,301,952	-	408,038
Cash and cash equivalents	3,949,696	310,392	143	1,019,245	2,508,757	215,401
Forward foreign exchange contracts	120,225	-	-	241,622	-	-
Trade payable	(38,027)	(250)	-	(15,829)	(1,888)	-
Net exposure	6,271,659	310,142	143	5,546,990	2,506,869	623,439

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.6 Market risk (cont'd)

##### Currency risk (cont'd)

##### Currency risk sensitivity analysis

A 5% (2019: 5%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	Profit or loss	
	2020 RM	2019 RM
USD	238,323	210,786
EUR	11,785	95,261
YEN	5	23,691

A 5% (2019: 5%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

##### Other price risk

Equity price risk arises from the Group's and the Company's investments in highly liquid investments that are held with local non-bank financial institutions.

##### Risk management objectives, policies and processes for managing the risk

The Group's highly liquid investments are money market funds that are not exposed to significant risk of changes in fair value. Consequently, the Group and the Company are of the view that the highly liquid investments are not exposed to significant equity price risk.

#### 22.7 Fair value information

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

The Group and the Company do not have financial instruments not carried at fair value for which fair value is required to be disclosed.

## Notes to the financial statements (cont'd)

### 22. Financial instruments (cont'd)

#### 22.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value together with their carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
<b>2020</b>				
Highly liquid investments with non-bank financial institutions	-	15,076,394	-	15,076,394
Forward exchange contracts	-	120,225	-	120,225
	-	15,196,619	-	15,196,619
<b>2019</b>				
Highly liquid investments with non-bank financial institutions	-	5,939,199	-	5,939,199
Forward exchange contracts	-	241,622	-	241,622
	-	6,180,821	-	6,180,821
<b>Company</b>				
<b>2020</b>				
Highly liquid investments with non-bank financial institutions	-	5,149,541	-	5,149,541
<b>2019</b>				
Highly liquid investments with non-bank financial institutions	-	5,197,232	-	5,197,232

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 2 fair value

The fair value of forward 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 using a risk-free interest rate (based on government bonds).

Fair value of highly liquid investments with non-bank financial institutions is calculated based on the net assets value of the highly liquid investments as advised by the non-bank financial institutions.

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either direction).

## Notes to the financial statements (cont'd)

### 23. Capital commitments

Group	2020 RM	2019 RM
Capital expenditure commitments		
Property, plant and equipment contracted but not provided for in the financial statements	474,545	145,088

### 24. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

The Group's strategy for capital management is to mitigate unnecessary debts obligation and funding cost. There were no changes to the Group's capital management strategy during the year.

The Group did not have any debt obligation as at the end of the reporting period.

### 25. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Directors</b>				
Fees	69,000	60,000	69,000	60,000
Remuneration	936,888	1,071,000	-	-
Other short-term employee benefits	9,000	9,000	9,000	9,000
	1,014,888	1,140,000	78,000	69,000
<b>Other key management personnel</b>				
Remuneration	608,461	415,744	-	-
	1,623,349	1,555,744	78,000	69,000

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM68,492 (2019: RM65,300).

## Notes to the financial statements (cont'd)

### 26. Related parties

#### Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding company, subsidiaries and key management personnel.

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 7.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>A. Holding company</b>				
Dividend paid	2,496,657	3,495,319	2,496,657	3,495,319
<b>B. Subsidiaries</b>				
Management fees paid	-	-	25,000	25,000
Dividend income	-	-	(2,800,000)	(7,000,000)
Net repayment of capital contributions	-	-	3,265,123	1,032,734

### 27. Subsequent events

#### On 31 March 2021, the Company proposed the following:

- bonus issue of 120,499,740 bonus shares together with 120,499,740 warrants, on the basis of 1 bonus share together with 1 warrant for every 1 existing share held on by the shareholders of the Company.
- establishment of an employees' share option scheme ("ESOS") involving up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Group.

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

In the opinion of the Directors, the financial statements set out on pages 35 to 81 are drawn up in accordance with 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 of 31 December 2020 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:

.....  
**Lim Chee Beng**

Director

.....  
**Lim Chee Hwa**

Director

Petaling Jaya,

Date: 16 April 2021

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

I, **Lim Chee Hwa**, the Director primarily responsible for the financial management of Classic Scenic Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 81 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lim Chee Hwa, NRIC: 580714-10-5941, at Kuala Lumpur, in the Federal Territory on 16 April 2021.

.....  
**Lim Chee Hwa**

Before me:



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CLASSIC SCENIC BERHAD

(REGISTRATION NO. 200301031466 (633887-M)(INCORPORATED IN MALAYSIA)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Classic Scenic Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 81.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

#### Key audit matters for the Group

##### Valuation of sawn timber inventories

Refer to Note 2(g) - Significant accounting policy: Inventories and Note 6 - Inventories.

##### The key audit matter:

The Group kept a significant amount of raw material inventories. These raw material inventories comprise mainly sawn timber amounting to RM8,170,715.

The valuation of sawn timber inventories is identified as a key audit matter because of the judgement made by the Directors in determining an appropriate inventory allowance involves predicting the amount of future demand from customers and the sawn timber inventories are also subject to risk of physical deterioration.

# Independent Auditors' Report

## To The Members Of Classic Scenic Berhad (cont'd)

(Registration No. 200301031466 (633887-M)) (Incorporated in Malaysia)

### How the matter was addressed in our audit:

We performed the following audit procedures, amongst others:

We evaluated the controls associated with monitoring, detecting and writing down/writing off of slow-moving or deteriorated sawn timber inventories by reading the minutes of Risk Management and Executive Committee meeting relating to the management of sawn timber inventories.

We observed the year end physical inventory count conducted by the management and have inspected the physical conditions of sawn timber inventories to identify instances of physically deteriorated sawn timber inventories that should be written down/written off by the management.

We have tested the valuation of sawn timber inventories by comparing the cost of finished goods, which includes sawn timber inventories cost used in the production, against the net realisable value of finished goods, to identify any indicator if sawn timber inventories cost is above its net realisable value.

We evaluated the past trend of sawn timber inventories utilisation by sawn timber species based on sawn timber movement report of the Group, to identify sawn timber inventories having indicators that they were slow-moving.

For sawn timber inventories having indicators that they are slow-moving, we have evaluated the management's assessment of write down/write off and challenged their assessment by reviewing their action plan to realise the slow-moving sawn timber inventories and comparing the carrying amounts recorded in the financial statements against their respective net realisable value or replacement costs.

### Key audit matters for the Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

### 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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditors' Report

## To The Members Of Classic Scenic Berhad (cont'd)

(Registration No. 200301031466 (633887-M)) (Incorporated in Malaysia)

### 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 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- 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 Classic Scenic Berhad (cont'd)

(Registration No. 200301031466 (633887-M)) (Incorporated in Malaysia)

### 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

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 content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Chan Chee Keong**  
Approval Number: 03175/04/2021 J  
Chartered Accountant

Petaling Jaya

Date: 16 April 2021

# ANALYSIS OF SHAREHOLDINGS

## AS AT 5 APRIL 2021

### ISSUED SHARES OF THE COMPANY

Total Number of Issued Shares & Class of Shares	:	120,499,740 Ordinary Shares
Number of Shareholders	:	2,743
Voting Rights	:	One vote per Ordinary Share

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	31	1.13	660	0.00
100 - 1,000	559	20.38	271,742	0.22
1,001 - 10,000	1,476	53.81	6,983,903	5.79
10,001 - 100,000	576	21.00	17,384,035	14.43
100,001 to less than 5% of issued shares	99	3.61	59,729,400	49.57
5% and above of issued shares	2	0.07	36,130,000	29.99
Total	2,743	100.00	120,499,740	100.00

### LIST OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	No. of Ordinary Shares %	Indirect	%
Dato' Ong Choo Meng	18,130,000	15.05	18,000,000#	14.94
Complete Logistic Services Berhad	18,000,000	14.94	-	-

# Deemed interested by virtue of his shareholding in Complete Logistic Services Berhad pursuant to Section 8(4) of the Companies Act 2016.

### DIRECTORS' SHAREHOLDINGS

Name	Direct	No. of Ordinary Shares %	Indirect	%
Lim Kwee Huay (Resigned on 23/04/2021)	840,000	0.70	-	-
Lim Chee Beng	-	-	*2,136,200	1.77
Lim Chee Hwa	-	-	-	-
Au Thin Ann @ Low Teen Ann	24,000	0.02	*150,000	0.12
Lee Kong Weng	20,800	0.02	*4,800	^ 0.00
Chow Chooi Yoong	-	-	-	-
Ooi Youk Lan	-	-	-	-

\* Deemed interested by virtue of his spouse's and/or children's interest by virtue of Section 59(11)(c) of the Companies Act 2016.

^ Negligible

# Analysis of Shareholdings

## As At 5 April 2021 (cont'd)

### LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. Complete Logistic Services Berhad	18,000,000	14.94
2. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng	10,130,000	8.41
3. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (MY3918)	6,000,000	4.98
4. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	4,823,000	4.00
5. Ooi Chee Chung	3,813,100	3.16
6. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Kerd Yee (M01)	3,060,000	2.54
7. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng (M01)	2,727,000	2.26
8. Goh Phaik Lim	2,617,800	2.17
9. Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	2,400,000	1.99
10. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Kerd Yee (M01)	2,362,500	1.96
11. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ronny Ng	2,234,400	1.85
12. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng	2,178,000	1.81
13. Chung Sook Cheng	2,136,200	1.77
14. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng	2,000,000	1.66
15. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Phei Shiun	1,435,500	1.19
16. Chung Sook Lai	1,190,000	0.99
17. Ong Ken Sim	1,130,000	0.94
18. Moh Woon Chiow	1,125,800	0.93
19. Yap Teong Peng	1,000,000	0.83
20. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ooi Peng Cuan (PB)	950,000	0.79
21. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng (MP0474)	925,000	0.77
22. Lim Chee Khoon	881,900	0.73
23. Goh Wei Heng	850,000	0.71
24. Lim Kwee Huay	840,000	0.70
25. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Chiau Haw Choon (SMART)	800,000	0.66
26. Lin Jia Yu	792,700	0.66
27. Shoptra Jaya (M) Sdn Bhd	680,900	0.57
28. Gan Boon Chew	670,000	0.56
29. Goh Sar Eng	620,000	0.51
30. Goh Sar Eng	616,000	0.51
<b>Total</b>	<b>78,989,800</b>	<b>65.55</b>

## LIST OF PROPERTIES

No.	Title and Location	Description and Existing Use	Tenure / Approx. Age of Buildings	Land Area / Built-up Area (Square feet)	Net Book Value as at 31 December 2020 (RM)	Date of acquisition/ approval/ last revaluation
1	Lot 9, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86305, Lot 186 Seksyen 19 (formerly under HSD 28279 PT 10351, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and office premises for the manufacturing of wooden picture frame moulding	Freehold / 26 years	76,209 / 69,369	4,875,937	25.03.1991 (acquisition) 01.01.2011 (R)
2	Lot 10, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86306, Lot 187 Seksyen 19 (formerly under HSD 28280 PT 10352, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and office premises for the manufacturing of wooden picture frame moulding	Freehold / 23 years	76,058 / 65,383	5,101,911	03.01.1992 24.08.1994 (acquisition) 01.01.2011 (R)
3	Lot 11, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under GRN 86307, Lot 188 Seksyen 19 (formerly under HSD 28281 PT 10353, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and office premises for the manufacturing of wooden picture frame moulding	Freehold / 16 years	94,422 / 70,347	6,287,503	19.07.2002 (acquisition) 01.01.2011 (R)
4	Lot 12, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86308, Lot 189 Seksyen 19 (formerly under HSD 28282 PT 10354, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and office premises for the manufacturing of wooden picture frame moulding	Freehold / 19 years	98,631 / 106,692	8,036,898	21.04.1999 (acquisition) 01.01.2011 (R)
5	Lot 13, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under GRN 86309, Lot 191 Seksyen 19 (formerly under HSD 28283 PT 10355, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and office premises for the manufacturing of wooden picture frame moulding, pallets and stillages	Freehold / 20 years	76,478 / 60,500	5,244,453	08.01.1999 (acquisition) 01.01.2011 (R)



## List of Properties

(cont'd)

No.	Title and Location	Description and Existing Use	Freehold / 16 years	Land Area / Built-up Area (Square feet)	Net Book Value as at 31 December 2020 (RM)	Date of acquisition/ approval/ last revaluation
6	Lot 41, Jalan RP, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86350, Lot 204 Seksyen 19 (formerly under HSD 28293 PT 10365, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and warehouse premises for the manufacturing of wooden picture frame moulding	Freehold / 13 year	79,739 / 74,261	5,934,162	25.01.2006 (acquisition) 01.01.2011 (R)
7	Lot 2375, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan.	Factory complex and warehouse for storing of wooden picture frame moulding	In progress of seeking Temporary Occupation License renewal (expired since 2014)	23,400 / 22,435	Nil	24.9.2002 (approval)
8	GM 4833, Lot 1371, Mukim Ulu Yam, Tempat Ulu Kg. Tembayan, Daerah Hulu Selangor, Selangor Darul Ehsan.	Vacant land	Freehold / N/A	125,238 / N/A	2,126,647	11.05.2012 (acquisition)
9	GM6281 (formerly known as EMR3236), Lot 1832, Mukim Ulu Yam, Daerah Hulu Selangor, Selangor Darul Ehsan.	Vacant land	Freehold / N/A	78,953 / N/A	593,694	22.06.2012 (acquisition)
10	GM4848 (formerly known as EMR3181), Lot 1833, Mukim Ulu Yam, Daerah Hulu Selangor, Selangor Darul Ehsan.	Vacant land	Freehold / N/A	95,282 / N/A	717,182	22.06.2012 (acquisition)
11	Lot 569, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86843, Lot 569 Seksyen 19 (formerly under HSD 28340 PT 10412, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Warehouse building construction in-progress	Freehold / N/A	39,148 / N/A	1,333,673	26.09.2012 (acquisition)

**Note:**

(R) – Revaluation was performed on 1 January 2011 as the Group elected to apply the optional exemption to measure the freehold land at fair value at the date of transition to MFRSs and use that fair value as deemed cost under MFRSs.

## ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. Attendance at the Board and Board Committee Meetings held during the financial year ended 31 December 2020 is as reflected below :-

	Attendance At Meetings of		
	Board	AC	NRC
Mr Lim Chee Keong <i>(Resigned as Director on 12/08/2020)</i>	4/4	N/A	N/A
Ms Lim Kwee Huay <i>(Appointed as Director on 01/12/2020 and Resigned as Director on 23/04/2021)</i>	N/A	N/A	N/A
Mr Lim Chee Beng	6/6	N/A	N/A
Mr Lim Chee Hwa	6/6	N/A	N/A
Mr Au Thin An @ Low Teen Ann	6/6	5/5	1/1
Mr Lee Kong Weng	6/6	5/5	1/1
Ms Chow Chooi Yoong	6/6	5/5	1/1
Ms Ooi Youk Lan <i>(Appointed as Director on 01/04/2021)</i>	N/A	N/A	N/A

2. The Directors have attended the following training programmes, seminar and/or conferences during the financial year ended 31 December 2020 :-

Director	List of Training Programmes/ Seminars/Conferences Attended	Date
Lim Kwee Huay	MIA Webinar Series : Managing Risks Through a Global Pandemic	17 & 18 November 2020
Lim Chee Beng	MIA Webinar Series : Governance in the New Norm	10 December 2020
Lim Chee Hwa	MIA Webinar Series : Conduct of Directors of Listed Companies and Common Breaches of the Listing Requirements	17 November 2020
Lee Kong Weng	1. MIA Webinar Series : COVID-19: Financial Instrument – A Focus on MFRS 132/IAS32 2. 2020 Baker Tilly Tax & Budget Seminar	6 October 2020 17 November 2020
Au Thin An @ Low Teen Ann	1. Crisis-proofing the Annual General Meeting Webinar 2. Audit Committee Institute Virtual Roundtable 2020 Webinar 3. What are the Temporary Relief Measures for Listed Issuers During Covid-19 Pandemic Webinar 4. The Importance and Challenges of Private Wealth Planning for Asian Families Webinar 5. Captains' Forum: Transformation Towards Recovery Webinar 6. Fraud Risk Management Workshop by Bursa Malaysia Bhd 7. 2020 Baker Tilly Tax & Budget Seminar 8. 2021 Malaysian Budget 9. No Interruptions Please – Safeguard Your Supply Chain Webinar 10. Integrated Reporting and Assurance Webinar	30 April 2020 12 May 2020 15 May 2020 5 June 2020 19 October 2020 3 November 2020 17 November 2020 18 November 2020 23 November 2020 4 December 2020
Chow Chooi Yoong	1. Learnabee : How to Deal with Company Shares of Deceased under Grant of Probate, Letter of Administration & Small Estate 2. KPMG Webinar Series : Virtual Annual General Meetings 3. 2020 Baker Tilly Tax & Budget Seminar 4. Tricor : 2021 Budget Webinar 5. MAICSA Annual Governance Conference 2020 : New Decade Governance – Influence.Strategy.Impact	22 April 2020 30 April 2020 17 November 2020 18 November 2020 2 & 3 December 2020

## Additional Compliance Information Disclosures (cont'd)

3. The audit and non-audit fees for the financial year ended 31 December 2020 paid or payable to the External Auditors, Messrs KPMG PLT and its affiliates were as follows :-

	<b>Group (RM)</b>	<b>Company (RM)</b>
Audit fees	150,000	50,000
Non-audit fees :		
(a) Tax compliance	46,300	5,500
(b) SORMIC	10,000	10,000
Total	206,300	65,500

4. Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2020.

5. Material Contracts

There were no material contracts entered into by the Group and its subsidiary companies involving the interests of the Directors and/or major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

6. Related Party Transaction

The Group has in place Standard Operating Procedures ("SOPs") to ensure all transactions including related party transactions ("RPTs"), if any, are monitored and conducted in a manner that is fair and at arm's length basis, with the terms not more favourable to the related parties than to the public, not detrimental to the minority shareholders and in the best interest of the Company.

A Director who has an interest in a transaction with the Company must abstain from deliberation and voting on the relevant resolution in respect of such transaction at Board Meetings and/or other meetings of the Company.

For the financial year ended 31 December 2020, there was no significant related party transaction except for as disclosure in Note 26 of the financial statements for the year ended 31 December 2020.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18<sup>th</sup>) Annual General Meeting ("AGM") of the Company will be held fully virtual and entirely via Remote Participation and Electronic Voting ("RPEV") facilities from the Broadcast Venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 16 June 2021 at 10.00 a.m. for the transaction of the following businesses:-

## AGENDA

### Ordinary Business

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon.  | <b>Explanatory Note 1</b>  |
| 2. To approve the payment of Directors' fees and benefits payable to the Non-Executive Directors up to an amount of RM150,000/-, from 17 June 2021 until the next Annual General Meeting of the Company.   | <b>Ordinary Resolution 1</b>   |
| 3. To re-elect the following Directors who retire pursuant to the Company's Constitution :-<br>(a) Mr Lee Kong Weng (Clause 97)<br>(b) Ms Chow Chooi Yoong (Clause 97)<br>(c) Ms Ooi Youk Lan (Clause 106) | <b>Ordinary Resolution 2</b><br><b>Ordinary Resolution 3</b><br><b>Ordinary Resolution 4</b> |
| 4. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.                                       | <b>Ordinary Resolution 5</b>   |

### Special Business

To consider and, if thought fit, to pass the following resolutions:-

5. **Special Resolution**  
**Proposed Amendment to Clause 15 of the Constitution of the Company**  
**("Proposed Amendment to Clause 15 of the Constitution")**

"THAT the Proposed Amendment to Clause 15 of the Constitution of the Company as set out below be approved and adopted with immediate effect :

**Special Resolution 1**  
**Explanatory Note 2**

Clause No.	Existing Clause	Proposed Amendment to Existing/ New Clause
15	<p><b>Issue of Securities</b></p> <p>Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Sections 75 and 76 of the Act, the Company must ensure that it shall not issue any shares or other convertible securities if those shares or convertible securities, when aggregated with any such shares or convertible securities issued during the preceding</p>	<p><b>Issue of Securities</b></p> <p>Unless otherwise provided in the Listing Requirements (<i>including any directives or modifications or relief issued by the Exchange from time to time in relation to the general mandate for issue of securities</i>), the Act, the Central Depositories Act and/or the Rules and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any shares or convertible securities without the prior approval of shareholders in a general meeting of the precise terms and conditions of the issue.</p>

# Notice of Annual General Meeting (cont'd)

Clause No.	Existing Clause	Proposed Amendment to Existing/ New Clause
15	twelve (12) months, exceeds ten per cent (10%) of the total number of issued shares of the Company at the time of issue, except where the shares or convertible securities are issued with the prior approval of shareholders in general meeting of the precise terms and conditions of the issue, in working out the number of shares that may be issued by the Company.	

AND THAT the Directors of the Company be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to do all such acts and things and to take all such steps as they may deem necessary or expedient to give full effect to the Proposed Amendment to Clause 15 of the Constitution.

## 6. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT subject always to the passing of Special Resolution 1, the Companies Act 2016 ("Act"), Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue new shares in the Company from time to time and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of the issued shares (excluding treasury shares) of the Company at the time being.

### Ordinary Resolution 6

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company."

## 7. Continuing in Office as Independent Non-Executive Director

"THAT pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, approval be and is hereby given for Mr Au Thin An @ Low Teen Ann, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to serve as an Independent Non-Executive Director of the Company."

### Ordinary Resolution 7

## 8. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

**BY ORDER OF THE BOARD,**

**WONG YOUN KIM**  
**(MAICSA 7018778) / SSM PC No. 201908000410**  
*Company Secretary*

Kuala Lumpur

28 April 2021

# Notice of Annual General Meeting (cont'd)

## Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. In the case of a corporate member, the instrument appointing the proxy shall be given under its Common Seal or under the hand of a duly authorised officer or attorney and supported by a notarially certified copy of that power or authority.
5. The Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **at G 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 24 hours before the time appointed for the holding of the Eighteenth (18<sup>th</sup>) AGM or any adjournment thereof.
6. Only members whose names appear on the Record of Depositors as at 9 June 2021 ("General Meeting Record of Depositors") shall be entitled to attend, speak or vote at this AGM or appoint proxy(ies) to attend and/or vote in his/her behalf.
7. All the Resolutions set out in this Notice will be put to vote by poll.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the Purpose, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a results of the member's breach of warranty.

# Notice of Annual General Meeting (cont'd)

## Explanatory Notes on Special Business

### 1. Item 1 of the Agenda

The Audited Financial Statements are for discussion only as it does not require members/shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016 and hence, will not be put for voting.

### 2. Special Resolution 1 - Proposed Amendment to Clause 15 of the Constitution

The proposed Special Resolution 1 is in line with the additional temporary relief measures granted by Bursa Securities via its letter dated 16 April 2020 to allow listed corporations, amongst others, to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares) of the Company for issue of new securities at the prevailing statutory and regulatory requirements.

This Special Resolution 1 shall require the approval of a majority of not less than 75% of such members/shareholders who participate at the Eighteenth (18th) AGM via RPEV either in person or by proxy(ies) and/or representative(s).

### 3. Ordinary Resolution 6 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6 is a renewal of the previous year's general mandate and if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next AGM.

As at the date of this Notice, no shares have been issued pursuant to the general mandate granted at the last AGM of the Company.

The renewal mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding investments, projects, working capital and/or acquisitions as deemed necessary.

### 4. Ordinary Resolution 7 - Continuing in Office as Independent Non-Executive Director

The Nomination and Remuneration Committee has assessed the independence of Mr Au Thin An @ Low Teen Ann, who has served as an Independent Non-Executive Director for a term of more than twelve (12) years and recommended him to continue to serve as an Independent Non-Executive Director of the Company on the following justifications:-

- (a) Mr Au Thin An @ Low Teen Ann continues to fulfil the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and hence, he would continue to provide proper check and balance thus bringing an element of objectivity to the Board;
- (b) his length of service on the Board of more than twelve (12) years does not in any way interfere with the exercise of objective judgement or his ability to act in the best interest of the Company and the Group. In fact, Mr Au Thin An @ Low Teen Ann, having been with the Company for more than twelve (12) years, is familiar with the Group's business operations and has always actively participated in Board and Board Committees discussions where he continuously demonstrated his ability to express and maintain unbiased views without any influence, thus, bringing independent judgement into the decision making of the Board; and
- (c) he has the leadership, calibre, qualifications, relevant experience and personal qualities to consistently exercise due care during his tenure as Independent Non-Executive Director of the Company and has discharged his duties with competence.

Based on the recommendation made by the Nomination and Remuneration Committee and pursuant to Practice Note 4.2 of the MCCG, the Board will seek the approval of the members through a two-tier voting process at the Eighteenth (18th) AGM for Mr Au Thin An @ Low Teen Ann to continue to serve as an Independent Non-Executive Director of the Company.

# STATEMENT ACCOMPANYING NOTICE OF EIGHTEENTH (18<sup>TH</sup>) AGM

**(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)**

The profiles of the Director who are subject to re-election as Directors or continuing in office as Independent Non-Executive Director are set out on pages 13 and 14 of this Annual Report.

The details of the Directors' interest in the securities of the Company and/or its subsidiaries are set out in the Directors' Shareholdings on page 87 of this Annual Report.



# ADMINISTRATIVE NOTES RELATING TO THE EIGHTEENTH ANNUAL GENERAL MEETING

In view of the current COVID-19 pandemic and the surge of COVID-19 cases in Malaysia recently, the Board of Directors of Classic Scenic Berhad ("Board") has decided that the Eighteenth Annual General Meeting ("18th AGM") of Classic Scenic Berhad ("the Company" or "CSCENIC") shall be held fully virtual and entirely via Remote Participation and Electronic Voting ("RPEV") facilities on the date, time and at the Broadcast Venue, as follows:

Date	:	Wednesday, 16 June 2021
Time	:	10.00 a.m.
Broadcast Venue	:	Level 12, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan
Meeting Platform	:	<a href="https://web.lumiagm.com">https://web.lumiagm.com</a>
Mode of Communication	:	1) Type text in the meeting platform. The Messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e. one (1) hour before the AGM, which is from 9.00 a.m. on Wednesday, 16 June 2021.  2) Email questions in advance to <b>CSCENIC</b> Investor Relations at <a href="mailto:cscenic@classicscenic.com">cscenic@classicscenic.com</a> in relation to the agenda items for 18th AGM, commencing from 28 April 2021 and in any event no later than Tuesday, 15 June 2021 at 10.00 a.m.

For further details on mode of communication, please refer to note 11 of this Administrative Notes.

Please note that the Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the AGM and in accordance with Clause 59 of the Company's Constitution which allows a general meeting to be held at more than one venue, using any technology or method that enables the members of the Company to participate and to exercise the members' right to speak and vote at the general meeting. As **NO SHAREHOLDERS / PROXIES / CORPORATE REPRESENTATIVES** should be physically present at or admitted to the Broadcast Venue on the day of the AGM, all members are urged to attend the 18th AGM remotely via meeting platform <https://web.lumiagm.com>.

## VOTING PROCEDURE

### Poll Voting

- The voting at the 18th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- The Company has appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting ("e-Voting") and Boardroom Corporate Services Sdn. Bhd. as Scrutineers to verify the poll results.
- For the purposes of this AGM, e-Voting will be carried out via personal smart mobile phones, tablets, personal computers or laptops.
- Members and proxies are required to use one (1) of the following methods to vote remotely:
  - launch **Lumi AGM** by scanning the QR code given to you in the email along with your remote participation User ID and Password; or
  - access to **Lumi AGM** via website URL <https://web.lumiagm.com/>.

## Administrative Notes Relating To The Eighteenth Annual General Meeting (cont'd)

5. Please note that polling will only commence after announcement of poll open by the Chairman and until such time when the Chairman announces the closure of poll.
6. Upon closing of the poll session by the Chairman, the Scrutineers will verify the poll result reports and thereafter announce the results, followed by the Chairman's declaration whether the resolutions put to vote are duly passed.
7. You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the 18th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the AGM is maintained. Kindly note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

### **Remote Participation and Electronic Voting ("RPEV")**

8. Please note that the RPEV facilities is available to **(i) individual members; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees.**
9. If you wish to participate in the meeting, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time whilst the meeting is in progress.
10. Kindly follow the steps below on how to request for login ID and password.

#### **Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)**

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for Remote Participation User ID and Password.]

- a. Access website <https://boardroomlimited.my>
- b. Click <<**Login**>> and click <<**Register**>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG, PNG or PDF format.
- d. Please enter a valid email address and wait for email verification from Boardroom.
- e. Your registration will be verified and approved within one (1) business day and email notification will be provided to you.

#### **Step 2 – Submit Request for Remote Participation User ID and Password**

[Note: The registration for remote access will be opened on 28 April 2021]

##### **Individual Members**

- Login to <https://boardroomlimited.my> using your User ID and Password given above.
- Select "**VIRTUAL MEETING**" from main menu and select the correct Corporate Event "**CLASSIC SCENIC BERHAD EIGHTEENTH(18TH) VIRTUAL ANNUAL GENERAL MEETING**".
- Read and agree to the terms & conditions.
- Enter your CDS Account Number and thereafter submit your request.

##### **Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees**

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
  - Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or Passport in JPEG or PNG format as well as his/her email address.
- a. You will receive a notification from Boardroom that your request has been received and is being verified.
  - b. Upon system verification of your registration against the **AGM's Record of Depositors as at 9 June 2021**, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
  - c. You will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
  - d. Please note that the closing date and time to submit your request is by **Tuesday, 15 June 2021 at 10.00 a.m.**

# Administrative Notes Relating To The Eighteenth Annual General Meeting (cont'd)

## Step 3 – Login to Virtual Meeting Portal

*[Note: Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]*

- a. The Virtual Meeting Portal will be opened for login starting one (1) hour before the commencement of AGM, which is from **9.00 a.m. on Wednesday, 16 June 2021**.
- b. Please follow the steps given to you in the email along with your remote access User ID and Password to login to the Virtual Meeting Portal (Refer to Step 2(c) above).
- c. The steps given will also guide you on how to view live webcast, ask questions and vote.
- d. The live webcast will end and the Messaging window (for asking questions) will be disabled once the Chairman announces the closure of the AGM.
- e. You can then logout from the Virtual Meeting Portal.

## MODE OF COMMUNICATION

11. You may email your questions in advance in relation to the agenda items for 18th AGM to CSCENIC Investor Relations at [cscenic@classicscenic.com](mailto:cscenic@classicscenic.com) commencing from 28 April 2021. The collection of questions will be closed at the same time as the proxy submission i.e. no later than Tuesday, 15 June 2021 at 10.00 a.m.

If you have any question for the Chairman/Board during the AGM, you may submit your question using the Messaging window facility which will be opened concurrently with the Virtual Meeting Portal, i.e. one (1) hour before the AGM, which is from **9.00 a.m. on Wednesday, 16 June 2021**.

The Chairman/Board will endeavour to respond to relevant questions during the Questions and Answers Session at the AGM. If there is time constraint, the responses to relevant questions will be published on the Company's website at the earliest possible, after the AGM.

## PROXY

12. Members who are unable to participate remotely in the AGM are encouraged to appoint the Chairman of the Meeting or their proxy to vote on their behalf.

## LODGEMENT OF FORM OF PROXY

13. Please deposit your completed Form of Proxy at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at **G 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 twenty-four (24) hours before the time appointed for the holding of the 18th AGM, i.e. latest by **Tuesday, 15 June 2021 at 10.00 a.m.**
14. Alternatively, the proxy appointment can also be lodged electronically via "Boardroom Smart Investor Portal" at <https://boardroomlimited.my> which is free and available to all individual shareholders, not less than twenty-four (24) hours before the time appointed for the holding of the 18th AGM, i.e. latest by Tuesday, **15 June 2021 at 10.00 a.m.** For further information, kindly refer to the "Electronic Lodgement of Form of Proxy" below.
15. The lodging of the Form of Proxy will not preclude you from personally participating remotely and voting at the 18th AGM should you subsequently wish to do so.

Should you wish to personally participate remotely in the AGM, kindly register your intention to participate remotely via Boardroom's website at <https://boardroomlimited.my> (Refer to note 10 - Steps 1 to 3 above). Please note that upon your registration to personally participate remotely in the AGM, your earlier proxy appointment will be deemed revoked. Alternatively, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke your earlier proxy appointment no later than Tuesday, **15 June 2021 at 10.00 a.m.**

## Administrative Notes Relating To The Eighteenth Annual General Meeting (cont'd)

### **Electronic Lodgement of Form of Proxy**

16. Kindly read and follow the guidelines below.

#### **Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)**

*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – eProxy Lodgement.]*

- a. Access website <https://boardroomlimited.my>
- b. Click <<**Login**>> and click <<**Register**>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG, PNG or PDF format.
- d. Please enter a valid email address and wait for email verification from Boardroom.
- e. Your registration will be verified and approved within one (1) business day and email notification will be provided to you.

#### **Step 2 – eProxy Lodgement**

- a. Access website <https://boardroomlimited.my>
- b. Login with your User ID and Password given above.
- c. Go to “**E-PROXY LODGEMENT**” and browse the Meeting List for “**CLASSIC SCENIC BERHAD EIGHTEENTH (18TH) VIRTUAL ANNUAL GENERAL MEETING**” and click “**APPLY**”.
- d. Read the terms & conditions and confirm the Declaration.
- e. Enter your CDS Account Number and indicate the number of securities.
- f. Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies).
- g. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
- h. Review and confirm your proxy(ies) appointment.
- i. Click submit.
- j. Download or print the eProxy Form acknowledgement.

### **ANNUAL REPORT 2020 AND CORPORATE GOVERNANCE REPORT**

17. The Annual Report 2020 and Corporate Governance Report are available on Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company Announcements of Classic Scenic Berhad and also at Classic Scenic Berhad's website at [www.classicscenic.com](http://www.classicscenic.com).
18. Collection of the printed copies of the Annual Report 2020 during the 18th AGM is not available as the AGM will be held fully virtual and entirely via RPEV facilities. Printed copies of the Annual Report 2020 have been sent to all members/shareholders.

### **ENQUIRY**

19. Should you have any enquiry prior to the AGM or if you wish to request for technical assistance to participate the AGM, please contact Boardroom team during office hours (8.30 a.m. to 5.30 p.m.): -

#### **Boardroom Share Registrars Sdn. Bhd.**

Rozleen Monzali

Tel: +603 7890 4700

Email: [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

# Administrative Notes Relating To The Eighteenth Annual General Meeting (cont'd)

## **PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



# PROXY FORM

## CLASSIC SCENIC BERHAD

[Registration No. 200301031466 (633887-M)]  
(Incorporated in Malaysia)

I/We \_\_\_\_\_ (NRIC No./Company No.) \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member/members of **CLASSIC SCENIC BERHAD** hereby appoint the following person(s) or failing whom, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Eighteenth (18th) Annual General Meeting of the Company to be held fully virtual and entirely via Remote Participation and Electronic Voting ("RPEV") facilities from the Broadcast Venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 16 June 2021 at 10.00 a.m. and at any adjournment thereof.

Name of Proxy, NRIC No. & Address	No. of Shares to be represented by Proxy
1. Name: NRIC No.: H/P No.: email: Address:	
2. Name: NRIC No.: H/P No.: email: Address:	

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees and benefits to the Non-Executive Directors up to an amount of RM150,000/-, from 17 June 2021 until the next Annual General Meeting	Ordinary Resolution 1		
2.	Re-election of Mr Lee Kong Weng as Director (Clause 97)	Ordinary Resolution 2		
3.	Re-election of Ms Chow Chooi Yoong as Director (Clause 97)	Ordinary Resolution 3		
4.	Re-election of Ms Ooi Youk Lan as Director (Clause 106)	Ordinary Resolution 4		
5.	Re-appointment of Messrs KPMG PLT as Auditors	Ordinary Resolution 5		
6.	Proposed Amendment to Clause 15 of the Constitution	Special Resolution 1		
7.	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 6		
8.	Approval for Mr Au Thin An @ Low Teen Ann to continue in office as Independent Non-Executive Director	Ordinary Resolution 7		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be casted on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

Number of shares	
CDS A/C No.	
H/P No.	
email	

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Shareholder

### Notes:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- In the case of a corporate member, the instrument appointing the proxy shall be given under its Common Seal or under the hand of a duly authorised officer or attorney and supported by a notarially certified copy of that power or authority.
- The Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at **G 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 24 hours before the time appointed for the holding of the Eighteenth (18th) AGM or any adjournment thereof.
- Only members whose names appear on the Record of Depositors as at 9 June 2021 ("General Meeting Record of Depositors") shall be entitled to attend, speak or vote at this AGM or appoint proxy(ies) to attend and/or vote in his/her behalf.
- All the Resolutions set out in this Notice will be put to vote by poll.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the Purpose, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Affix  
Stamp

**SHARE REGISTRAR**

**CLASSIC SCENIC BERHAD**

[Registration No. 200301031466 (633887-M)]

Boardroom Share Registrars Sdn. Bhd.  
11th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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