

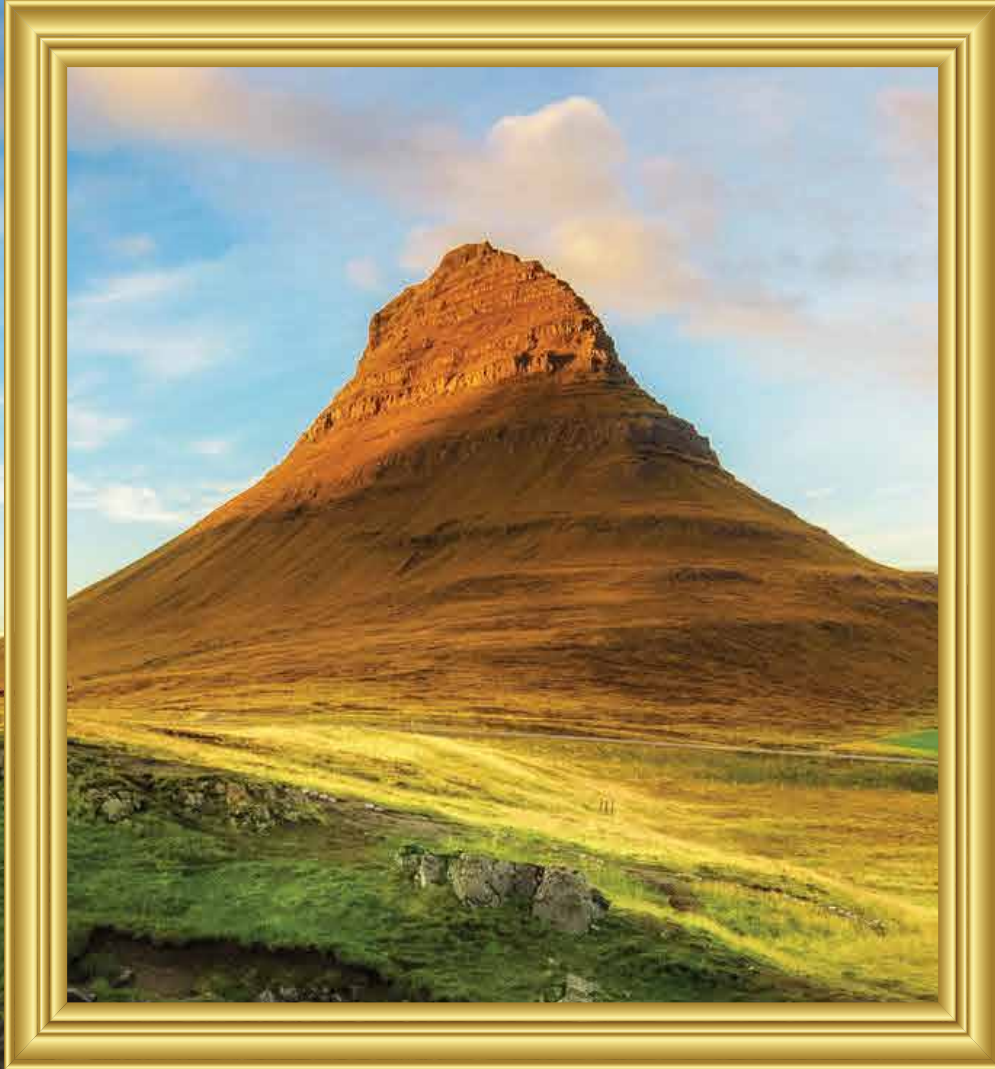


TM

CLASSIC SCENIC BERHAD

[Registration No. 200301031466 (633887-M)]

ANNUAL REPORT 2021



Scenic in Name
Beauty in *Frame*TM

*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.*



ABOUT US

Our humble journey in the manufacturing of wooden picture frame mouldings ("WPFM") was started in 1988 and we have emerged to be one of the largest WPFM manufacturer and exporter in Malaysia as well as in the region since 2000s. With our prudent strategies in place and our team's unwavering commitment, we have grown our business progressively and built a solid and strong fundamentals. Now, more than 90% of our premium WPFM are exported mainly to North America, Australia, Europe and Japan.

We have a great manufacturing capability of six (6) factories centrally located in Rawang, Selangor, and a newly acquired factory at Bidor, Perak spread over a total area of over 1,000,000 sq. ft., together with a 343 strong workforce in our manufacturing facility.

In 2003, Classic Scenic Berhad ("CSCENIC" or "the Company") was incorporated, and subsequently listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") in 2004. On 6 June 2006, it was transferred to the Main Board (Main Board and Second Board are merged and now known as Main Market) of the Bursa Securities. CSCENIC and its subsidiaries ("CSCENIC Group" or "the Group") principally engaged in the manufacturing of WPFM and wooden pallets. For the former, it is primarily undertaken by wholly-owned subsidiary, Finesse Moulding (M) Sdn. Bhd., of which full certification for ISO 9001:2015 has been duly obtained.

Moving 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 and drive sustainable values to our stakeholders.



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 cognisance of long-term environmental sustainability.



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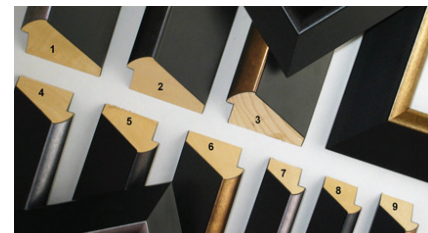
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CORPORATE STRUCTURE



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

Investment Holding

100%	Finesse Moulding (M) Sdn. Bhd. [200201020152 (587815-A)]	Manufacture of wooden picture frame moulding
100%	Lim Ket Leng Timber Sdn. Bhd. [198301003232 (98415-M)]	Manufacture of timber products
100%	Lim Ket Leng Realty Sdn. Bhd. [199001007782 (199352-V)]	Property holding and rental of properties
100%	Scenic Moulding (M) Sdn. Bhd. [199901001089 (475989-X)]	Property holding and rental of properties
100%	Hock Hoe Hin Forest Produce Sdn. Bhd. [197501001578 (23252-W)]	Sawmill contractor
100%	Lim Ket Leng Marketing Sdn. Bhd. [199701013357 (428853-K)]	Dormant
100%	Classic Frame Moulding (M) Sdn. Bhd. [199101003188 (213498-T)]	Dormant
76%	Cscenic Agro Marketing Sdn. Bhd. [200801023935 (825258-P)]	Dormant

CORPORATE INFORMATION

Board of Directors

Datuk Iskandar Bin Sarudin

Independent
Non-Executive Chairman

Lim Chee Beng

Managing Director

Lim Kim Lee

Executive Director cum
Chief Financial Officer

Vo Nghia Huu

Executive Director

Lew Chong Kiat

Senior Independent
Non-Executive Director

Teh ZiYang

Independent
Non-Executive Director

Ooi Youk Lan

Non-Independent
Non-Executive Director

Board Committees

AUDIT COMMITTEE

Chairman

Lew Chong Kiat

Members

Datuk Iskandar Bin Sarudin

Teh ZiYang

NOMINATION AND REMUNERATION COMMITTEE

Chairman

Lew Chong Kiat

Members

Datuk Iskandar Bin Sarudin

Teh ZiYang

EXECUTIVE AND RISK MANAGEMENT COMMITTEE

Chairman

Lim Chee Beng

Members

Vo Nghia Huu

Lim Kim Lee

See Siou Bin

Cheen Ying Moo

Tan Jo Lynn

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
Website: 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

COMPANY SECRETARY

Wong Youn Kim
(MAICSA 7018778)

PRINCIPAL BANKERS

Citibank Berhad
Hong Leong Bank Berhad

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

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



VO NGHIA HUU
Executive Director

DATUK ISKANDAR BIN SARUDIN
Independent
Non-Executive Chairman

LIM KIM LEE
Executive Director
cum Chief Financial
Officer

OOI YOUK LAN
Non-Independent
Non-Executive Director

LIM CHEE BENG
Managing Director

LEW CHONG KIAT
Senior Independent
Non-Executive Director

TEH ZIYANG
Independent
Non-Executive Director

Profile of Board of Directors (cont'd)

**Datuk Iskandar
Bin Sarudin**
Independent
Non-Executive Chairman
Malaysian, Aged 67, Male

Datuk Iskandar Bin Sarudin was appointed to the Board of Directors ("Board") as the Independent Non-Executive Chairman on 16 June 2021. He is also the member of the Audit Committee ("AC") as well as Nominating and Remuneration Committee ("NRC"). He graduated with a Bachelor of Arts with Honours (Malay Studies) from Universiti Malaya, Kuala Lumpur.

In 1979, he began his career in the Malaysian Administrative and Diplomatic Service. He has served the nation in Jakarta, Indonesia and Lagos, Nigeria as the Second Secretary and First Secretary of the Embassy of Malaysia and High Commission of Malaysia respectively. He was then appointed as the Principal Assistant Secretary, Ministry of Foreign Affairs, Malaysia in 1989 before being tasked by the Ministry to establish Embassy of Malaysia in Republic of Chile and Sarajevo, Bosnia and Herzegovina.

He has also served as High Commissioner of Malaysia to Sri Lanka, Republic of Maldives and Ambassador of Malaysia to the Republic of Philippines, Peoples Republic of China and Mongolia in addition to being appointed as Deputy Secretary General (Management Affairs), Ministry of Foreign Affairs in 2006.

He then retired in 2015. Subsequent to his retirement, Datuk Iskandar has been holding the position of the President of Persatuan Muafakat One Belt One Road Malaysia (PMOBOR) since 2016 till now.

He is also the Independent Non-Executive Director for AEON Co. (M) Berhad, Eversendai Corporation Berhad and Complete Logistic Services Berhad.

Datuk Iskandar has attended four (4) out of four (4) Board meetings held during the financial year ended 31 December 2021 ("FYE 2021") after his appointment to the Board on 16 June 2021.

Lim Chee Beng
Managing Director
Malaysian, Aged 58, Male

Lim Chee Beng was appointed to the Board as the Managing Director on 3 August 2004. He is also the Chairman of the Executive and Risk Management Committee ("ERMC").

He graduated with a Bachelor of Science Degree, majoring in Mathematics (Honours) from the University of Malaya in 1989. He started his career in 1989 by joining the Group as the Planning and Operations Director to provide research and technical support to production and marketing departments.

Mr. Lim does not hold directorships in any other public company and listed issuer. Mr. Lim Chee Beng has attended all six (6) Board Meetings held during FYE 2021.

Profile of Board of Directors (cont'd)

Lim Kim Lee

Executive Director cum
Chief Financial Officer
Malaysian, Aged 43, Female

Lim Kim Lee was appointed to our Board as the Executive Director on 26 July 2021. She is a member of the ERM of the Group. She graduated with a Bachelor of Commerce (Accounting) from University of Otago, New Zealand in 1999. She is a member of Malaysia Institute Accountants ("MIA") and a Chartered Global Management Accountant ("CGMA") of the Chartered Institute of Management Accountants ("CIMA").

Ms. Lim started her career as an account/audit assistant for about three (3) years before joining the Group as a finance officer in year 2003. In the subsequent year, she assisted the Group's financial controller in the Initial Public Offering ("IPO") exercise of the Company on the Second Board of Bursa Securities and, subsequently, transferred to the Main Board.

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 then 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. Prior to her appointment on the Board, she was appointed as the Group's Chief Financial Officer ("CFO") in December 2016.

She is also the Independent Non-Executive Director for Opcom Holdings Berhad.

Subsequent to her appointment to the Board on 26 July 2021, she has attended three (3) out of three (3) Board meetings held during FYE 2021.

Vo Nghia Huu

Executive Director
Australian, Aged 48, Male

Vo Nghia Huu was appointed to our Board on 26 July 2021. He is also a member of ERM. After he obtained his Certificate III in Business Administration from TAFE College, Australia, he started his career in his family jewellery business before joining a leading independent family-owned electrical chain stores in Sydney, Australia in 1995 focusing on expanding the outlets throughout the state.

In 2008, he joined Hextar Chemicals Sdn. Bhd. working in export sales department and thereafter moving on to Hextar R&D International Sdn. Bhd., focusing on product development and product registration in overseas market such as Australia, Vietnam and Fiji, subsequently becoming country manager and establishing export business to these countries. He was instrumental in registering and obtaining branded products and setting up the organic products portfolio for Hextar Chemicals Sdn. Bhd. His core experience covers the area of management and marketing.

Mr. Vo is the brother-in-law of Dato' Ong Choo Meng, a major shareholder of the Company. He does not hold directorships in any other public company and listed issuer.

Subsequent to his appointment to the Board on 26 July 2021, he has attended three (3) out of three (3) Board meetings during FYE 2021.

Profile of Board of Directors (cont'd)

Lew Chong Kiat
Senior Independent
Non-Executive Director
Malaysian, Aged 47, Male

Lew Chong Kiat was appointed to our Board on 26 July 2021. He is the Chairman of AC and NRC.

He graduated with a Bachelor of Commerce (Accounting) from University of Otago, New Zealand and subsequently pursued a Master in Business Administration ("MBA") from Nanyang Technological University, Singapore. He is a fellow member of the Association of Chartered Certified Accountants ("FCCA"), a member of the Australian Certified Practising Accountants ("CPA Australia"), a Chartered Global Management Accountant ("CGMA") of CIMA, and a Chartered Accountant with the MIA and the Institute of Singapore Chartered Accountants ("ISCA").

Mr. Lew has more than 25 years of experience in finance, accounting and corporate affairs with various private and public listed companies in Malaysia and Singapore. He is a business advisor and has vast experience in dealing with all the key regulatory bodies such as central bank, stock exchange and relevant securities commission to ensure full compliance of all the regulatory requirements.

He does not hold directorships in any other public company and listed issuer.

As he was appointed to the Board on 26 July 2021, he has attended three (3) out of three (3) Board meetings held during FYE 2021.

Teh ZiYang
Independent
Non-Executive Director
Malaysian, Aged 28, Male

Teh ZiYang was appointed to our Board on 8 December 2021. He is also a member of the AC and NRC.

He graduated with a Bachelor of Business (Honours) in International Business from Tunku Abdul Rahman University College, Kuala Lumpur, Malaysia.

Mr. Teh has been involved in an array of business activities since 2010. He started his career by assisting his family business in the furniture industry. In 2017, he joined Frazel Group Sdn. Bhd. working in project and administration department, focusing on property development and investment in Malaysia. In 2020, he was appointed as Chief Operating Officer, overseeing the company operations strategy into actionable goals. Over the years, he has gained in-depth exposures in operations, corporate strategy, performance management, operational decision making and strategic formulating.

He does not hold directorships in any other public company and listed issuer.

Mr. Teh has not attended any Board meeting for FYE 2021 as there was no Board meeting convened for FYE 2021 after he was appointed to the Board.

Profile of Board of Directors (cont'd)

Ooi Youk Lan

Non-Independent

Non-Executive Director

Malaysian, Aged 55, Female

Ooi Youk Lan was appointed to our Board on 1 April 2021. She is a FCCA and a member of MIA.

Miss Ooi has more than 30 years of working experience in audit, taxation, finance, accounting, treasury and corporate exercises covering a variety of industries for both listed and private Malaysian companies.

In 2012, Miss Ooi joined Hextar Group of Companies as Group Financial Controller, and currently is the Group Chief Financial Officer of Hextar Group of Companies. Her role is to 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 the several private companies.

She does not hold directorships in any other public company and listed issuer. She has attended all four (4) out of four (4) Board meetings held during FYE 2021 after her appointment to the Board on 1 April 2021.

1. Save for Vo Nghia Huu, none of the Directors are related to each other and/or any other major shareholder of the Company.
2. None of the Directors : -
 - (a) has conflict of interest with the Company.
 - (b) has been convicted of any offence in the past five (5) years other than traffic offences, if any.
 - (c) was publicly sanctioned or imposed with penalty by the regulatory bodies during FYE 2021.

PROFILE OF KEY SENIOR MANAGEMENT



SEE SIOU BIN
General Manager

TAN JO LYNN
Financial Controller

CHEEN YING MOO
Supply Chain Senior
Manager

Profile of Key Senior Management (cont'd)

See Siou Bin

General Manager
Malaysian, Aged 35, Male

See Siou Bin is the General Manager in the Group. He is also a member of ERMC. He graduated from University of Malaya with a Bachelor of Engineering (Hons) Manufacturing Engineering in 2010 and obtained his MBA from Inti International University in 2019.

He is responsible for the Group's supply chain and logistic, quality assurance management and maintenance functions. 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. On 26 December 2021, he was promoted to his current position as the General Manager.

Cheen Ying Moo

Supply Chain Senior
Manager
Malaysian, Aged 36, Female

Cheen Ying Moo is the Group's Supply Chain Senior Manager. She is also a member of the Group's ERMC, as well as the Committee for Occupational Health and Safety. She holds her Bachelor of Wood Technology and Science in the year 2009 from University Malaysia Sabah.

She heads up the Group's supply chain, occupational health and safety functions, and certification for International Organisation for Standardisation ("ISO") and Forest Stewardship Council ("FSC"). In 2010, she joined the Group as a Quality Assurance Officer. She was then repositioned to the marketing department and was promoted as the Marketing Assistant Manager in 2013. In 2014, she was assigned to lead the Group's supply chain.

Following more than a year of expanding her experience and knowledge in sustainable forestry, she was then propounded by the Group to re-join as a Senior Manager on 4 May 2021 overseeing various segments.

Profile of Key Senior Management (cont'd)

Tan Jo Lynn
Financial Controller
Malaysian, Aged 34, Female

Tan Jo Lynn is the Financial Controller and a member of ERMC of the Group. She is also a FCCA and a member of MIA.

She has more than 11 years of working experience and she started her career in an audit firm as an audit associate. She worked as an external auditor for approximately three and half years before joining a public listed company in Malaysia as an accountant. Subsequently, she was transferred to a subsidiary of the public listed company located in Singapore. In 2018, she joined a private limited company in Malaysia as a Finance Manager. On 26 December 2021, she joined the Group as Financial Controller.

1. None of the Key Senior Management: -
 - (a) holds directorships in public companies.
 - (b) has family relationship with any director and/or major shareholder of the Company.
 - (c) has conflict of interest with the Company.
 - (d) has been convicted of any offence in the past five (5) years other than traffic offences, if any.
 - (e) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2021.

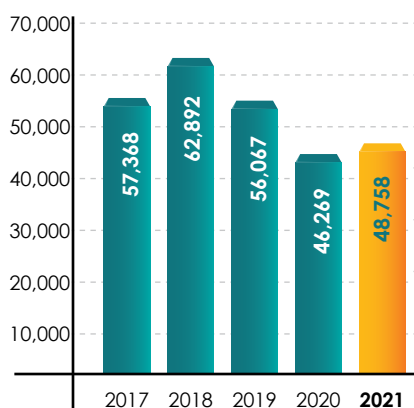
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2021	2020	2019	2018	2017
Revenue (RM'000)	48,758	46,269	56,067	62,892	57,368
Profit Before Tax ("PBT") (RM'000)	8,579	8,578	8,294	8,703	16,221
Profit After Tax ("PAT") (RM'000)	6,408	6,373	6,254	7,233	12,291
Net Cash (RM'000)	16,554	25,815	14,035	14,907	14,190
Return on Equity (%)	4.65	6.87	6.77	7.64	12.83
Net Asset Per Ordinary Share (sen)	57.22	38.50*	38.36*	39.26*	40.01*
Net Earnings Per Share (sen)	2.66	2.64*	2.60*	3.00*	5.10*
Net Dividend Per Share (sen)	-	3.00	5.00	6.00	10.00
Dividend Payout Ratio (%)	-	56.7	96.3	100.0	98.0
Net Dividend Yield (%) #	-	3.3	5.0	5.5	6.1

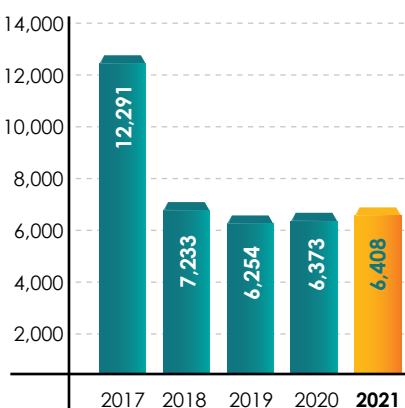
The Net Dividend Yield was calculated based on the share price as at the last trading day of the financial year.

* The comparative has been restated to incorporate retrospective adjustment in respect of bonus issuance.

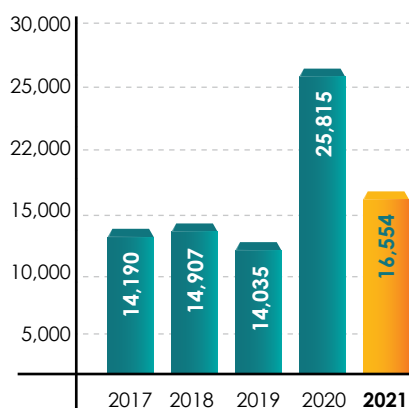
REVENUE
RM'000



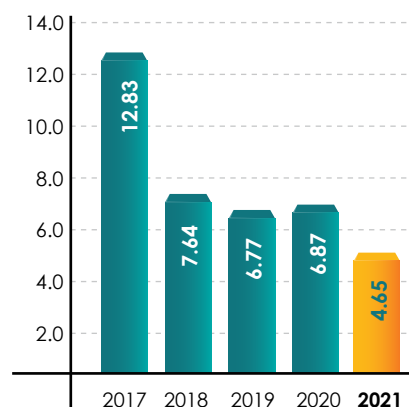
PROFIT AFTER TAX
RM'000



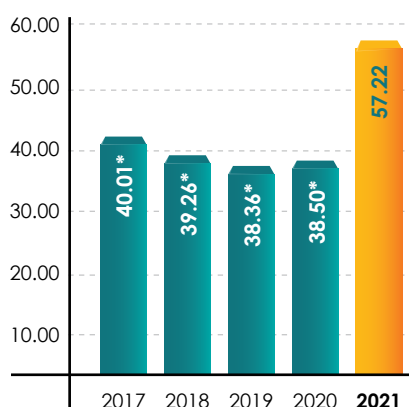
NET CASH
RM'000



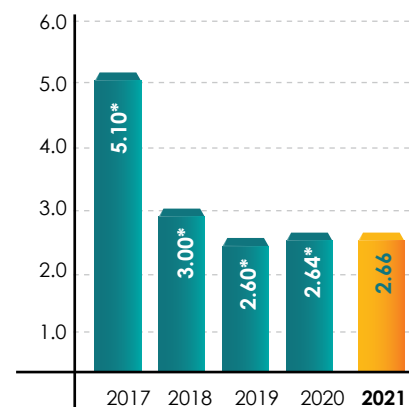
RETURN ON EQUITY
(%)



NET ASSET PER ORDINARY SHARE
(SEN)



NET EARNINGS PER SHARE
(SEN)



MANAGING DIRECTOR'S MESSAGES

Dear Shareholders,

On behalf of the Board of CSCENIC, I am pleased to present the Company's Annual Report and Audited Financial Statements for the FYE 2021.



Business Environment

Amidst the backdrop of the high-level prevailing challenges as a result of the prolonged Covid-19 pandemic, we have once again managed to achieve higher revenue for FYE 2021. Our higher revenue was mainly contributed by the North America region, driven by the increased demand for home décor and arts & crafts products, and further spurred by the United States of America ("USA") housing booming amid the low mortgage loan interest rate and a significant rise in fiscal stimulus.

Aside from that, the effect of major lockdown in various countries had led to the trend of working from home ("WFH") and changing consumers' behaviour and lifestyle. With the emergence of the WFH trend, more people tend to spend more time at home, and this indirectly motivates them to decorate or refurbish their home and workspace, which directly led to higher demand for WPFM.

The Covid-19 pandemic is still wreaking havoc on many businesses all across the world. Our main market is in the consumer sector, thus CSCENIC was not spared from the adverse impact. The re-imposition of a nationwide lockdown ("MCO 3.0") by the government on 12 May 2021 which later transgressed into a full lockdown ("FMCO") on 1 June 2021 was not only detrimental to our business operation but has also interrupted the market supply of timber raw materials and exerted pressure on our input cost amid the

significant timber price hike. Despite these prevailing challenges, we had survived the catastrophe and had once again demonstrated our tenacity. Yet, we had gained a lot of knowledge and will put it to good use in the coming years ahead.

Corporate Exercise

Our Company has completed the bonus issue of shares and warrants corporate exercise on the basis of 1 bonus share together with 1 warrant for every 1 existing share held by shareholders. The corporate exercise has been completed following the listing and quotations for 120,449,740 bonus shares and 120,499,740 warrants on the Main Market of Bursa Securities.

Appreciation

Although the pandemic had placed us in an extremely dynamic environment, our employees have been staying committed and united to weather the challenges arising from the pandemic. The strong leadership and clear directions set by the top Management have helped the team in navigating the uncharted water, especially during times of uncertainty when the future and how the pandemic may unfold could hardly be predicted.

Managing Director's Messages (cont'd)

On behalf of the Board, I am pleased to welcome Datuk Iskandar Bin Sarudin, Mr. Lew Chong Kiat, Mr. Vo Nghia Huu, Ms. Lim Kim Lee, and Mr. Teh ZiYang to the Board. I also wish to take this opportunity to express my sincere appreciation to our former Board members Ms. Lim Kwee Huay, Mr. Lim Chee Hwa, and Mr. Au Thin An @ Low Teen Ann for their commitment and dedication in guiding CSCENIC over the past years. I also would like to express my gratitude to our Management and employees for their persistent commitment, dedication, enthusiasm, and efforts contributed throughout this challenging period.

Last but not least, I would also like to thank our external stakeholders which include our shareholders, customers, business partners, financiers, and relevant regulatory authorities for their continuous and overwhelming support which has created a greater value for CSCENIC.

Mr. Lim Chee Beng
Managing Director

7 April 2022

MANAGEMENT DISCUSSION & ANALYSIS

Overview of the Business and Operations

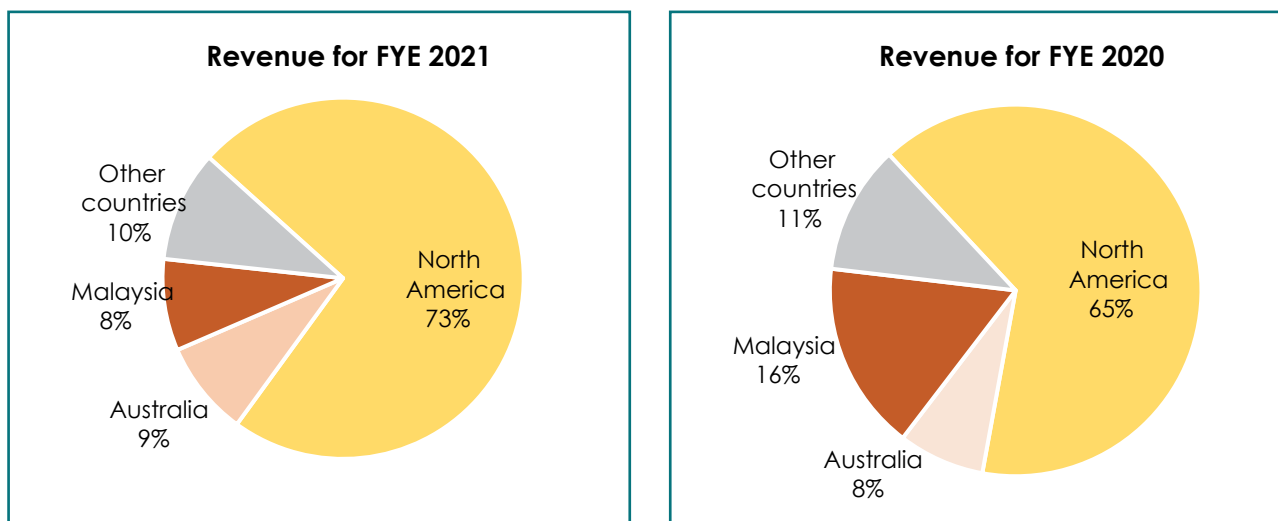
CSCENIC is listed on the Main Market of Bursa Securities. The principal activity of the Company is investment holding, with its' subsidiaries mainly engaged in manufacturing WPFM and wooden pallets.

The Group principally engaged in three (3) core business segments which are stated as below:-

Segment	Principal business activities
WPFM	Manufacture and sale of wooden frame mouldings
Other timber products	Manufacture and sale of other timber products – pallets
Property holding	Holding and rental of properties

CSCENIC produced its first moulding in the year 1988. Subsequently, we have emerged to be one of the largest WPFM manufacturers and exporters in Malaysia, and one of the biggest operations in the region as well. More than 90% of the WPFM is exported to North America, Australia, Japan, and Europe. Our product categories for WPFM mainly consist of wood stained, matt colour, decorative gilding, gloss lacquer, laminated veneer, washed and distressed.

Overall, the revenue by primary geographical markets is depicted as below: -



For the FYE 2021, the total export revenue accounted for approximately 92% of the Group's revenue, whereas the remaining 8% was contributed by local sales of wooden pallets. From the graph shown above, the export revenue generated from North America and Australia has increased as compared to the financial year ended 31 December 2020 ("FYE 2020"). This is mainly attributable to the spike in demand for home décor and arts & crafts products spurred by the USA housing boom amid the low mortgage loan interest rate and a significant rise in fiscal stimulus. With the emergence of the WFH trend, consumers also tend to spend more time staying at home and decorating their home or workspace, which has directly driven up the demand for WPFM.

The local sales revenue, mainly derived from the sales of wooden pallets, decreased from 16% in FYE 2020 to 8% in FYE 2021. The decrease was primarily due to the labour insufficiency and supply interruption of mixed-hardwood raw material. Hence, we prioritised the resources on our core business segment – the manufacturing of WPFM.

Management Discussion & Analysis (cont'd)

Financial Performance Review

	FYE 2021 RM'000	FYE 2020 RM'000	Variances	
			RM'000	%
Revenue	48,758	46,269	2,489	5.38%
Gross Profit ("GP")	16,803	15,309	1,494	9.76%
PBT	8,579	8,578	1	0.01%
PAT	6,408	6,373	35	0.55%
<u>Key Ratios</u>				
GP Margin (%)	34.46%	33.09%	1.37%	4.14%
PBT Margin (%)	17.60%	18.54%	(0.94%)	(5.07%)
PAT Margin (%)	13.14%	13.77%	(0.63%)	(4.58%)

Revenue

Our Group's overall revenue increased by RM2.49 million or 5.38%, from RM46.27 million in FYE 2020 to RM48.76 million in FYE 2021. For the FYE 2021, our WPFM segment was the largest revenue contributor, with revenue of RM45.20 million or 92.70% of our Group's total revenue, followed by our other timber products segment, i.e. wooden pallets, with revenue of RM3.56 million or 7.30% of our Group's total revenue.

The higher revenue recorded for the FYE 2021 was mainly attributable to higher export sales of WPFM.

GP and GP Margin

For the FYE 2021, our WPFM segment was the highest contributor to the Group's GP. The Group's GP increased by RM1.49 million or 9.76%, from RM15.31 million in FYE 2020 to RM16.80 million in FYE 2021, underpinned by higher export sales revenue.

Our Group's overall GP margin increased by 1.37%, from 33.09% in FYE 2020 to 34.46% in FYE 2021. The overall increase in the GP margin was mainly due to higher average product selling price and higher cost efficiencies in production.

Distribution Expenses, Administrative Expenses and Other Expenses

Our Group's overall total distribution expenses, administrative expenses, and other expenses ("total operating expenses") increased by RM1.47 million or 20.79%, from RM7.07 million in FYE 2020 to RM8.54 million in FYE 2021. The increase in the total operating expenses was mainly attributable to the higher freight cost, higher professional fees, and stamping fee in relation to the corporate exercises and a provision for impairment for advances paid to a trade supplier.

PBT and PAT

Despite the Group recording a higher revenue, the Group's PBT of RM8.58 million was the same as that of the preceding FYE 2020, mainly attributable to higher operating expenses. The Group's PAT for FYE 2021 recorded a slight increase by RM0.04 million to RM6.41 million from RM6.37 million in FYE 2020.

Taxation

The effective tax rate for the FYE 2021 was 25.30%. The higher effective tax rate attributed mainly to the non-allowable expenses.

Management Discussion & Analysis (cont'd)

Financial Position Review

Statement of Financial Position

	31.12.2021 RM'000	31.12.2020 RM'000	Variances	
			RM'000	%
Assets				
Non-current Assets	96,092	49,517	46,575	94.06%
Current Assets	54,286	53,916	370	0.69%
Total Assets	150,378	103,433	46,945	45.39%
Liabilities				
Non-current Liabilities	(7,319)	(2,970)	4,349	>100.00%
Current Liabilities	(5,157)	(7,682)	(2,525)	(32.87%)
Total Liabilities	(12,476)	(10,652)	1,824	17.12%
Net Assets	137,902	92,781	45,121	48.63%
Key Ratios				
Current Ratio (times)	11	7	4	57.14%
Trade Receivables Turnover (days) ⁽¹⁾	43	30	13	43.33%
Trade Payables Turnover (days) ⁽²⁾	12	13	(1)	(7.69%)

Notes: -

⁽¹⁾ Computed based on trade receivables as at year end over revenue for the year multiplied by 365 days.

⁽²⁾ Computed based on trade payables as at year end over cost of sales for the year multiplied by 365 days.

Capital Expenditure

As at 31 December 2021, the Group has incurred a total capital expenditure of RM5.98 million, which consists the following: -

	RM'000
Machinery, forklifts, plant and equipment	5,268
Cabin, office equipment, furniture and fittings and renovation	154
Motor vehicles	200
Computer equipment	103
Construction in-progress	255
Total	5,980

The capital expenditure in FYE 2021 were mainly invested on the purchase of machinery, forklifts, plant and equipment. This is to drive our Group's business in line with our expansion plan in order to create long-term value for our shareholders.

Management Discussion & Analysis (cont'd)

Financial Position Review (Cont'd)

Total Assets

Our total assets as of 31 December 2021 increased by RM46.95 million to RM150.38 million as compared to the preceding financial year of RM103.43 million.

The significant increase in the Group's total assets was mainly due to the revaluation surplus of approximately RM43.01 million following a properties revaluation exercise which was carried out by its wholly-owned subsidiaries, Lim Ket Leng Realty Sdn. Bhd. and Scenic Moulding (M) Sdn. Bhd., on their freehold lands. The Group has undertaken a revaluation exercise on seven (7) parcels of freehold industrial land located in Rawang, Selangor; one (1) parcel of freehold industrial, and two (2) parcels of agricultural land located in Ulu Yam, Selangor. The Group believes that the revaluation model provides more relevant information about the financial performance of these assets.

Total Liabilities

Our total liabilities as of 31 December 2021 increased by RM1.82 million to RM12.48 million as compared to the preceding financial year of RM10.65 million.

The revaluation exercise on the Group's freehold lands, as explained above, had resulted in deferred tax liabilities of approximately RM4.30 million, which had been accounted for and increased the non-current liabilities to RM7.32 million as of 31 December 2021.

During the FYE 2021, a first interim single-tier dividend of 3.0 sen per ordinary share, totalling RM3.6 million in respect of the FYE 2020, was paid on 4 January 2021. Thus, the dividend paid to the owners of the Company had resulted in a reduction in the current liabilities as of 31 December 2021.

Statements of Cash Flows

	FYE 2021 RM'000	FYE 2020 RM'000	Variances	
			RM'000	%
Net cash (used in)/from operating activities	(177)	14,669	(14,846)	>100%
Net cash used in investing activities	(5,477)	(479)	(4,998)	>100%
Net cash used in financing activities	(3,607)	(2,410)	(1,197)	49.67%
Net change in cash and cash equivalents ("CCE")	(9,261)	11,780	(21,041)	>100%
CCE at the beginning of the financial year	25,815	14,035	11,780	83.93%
CCE at the end of the financial year	16,554	25,815	(9,261)	(35.87%)

Management Discussion & Analysis (cont'd)

Financial Position Review (Cont'd)

Statements of Cash Flows (Cont'd)

As of 31 December 2021, our Group has recorded net cash used in operating activities of RM0.18 million as compared to net cash generated from operating activities of RM14.67 million as of 31 December 2020. This was mainly attributed to: -

- i. the increase in inventories, which comprise of raw materials and work-in-progress inventories, by RM4.21 million to cater for the higher customer orders;
- ii. the increase in trade and other receivables by RM5.58 million was mainly due to the down payments paid for the contracted capital expenditure commitment, in relation to the acquisition of the four (4) parcels of industrial lands together with a factory erected on the land from VE Surpass Frame (M) Sdn. Bhd.; the contract awarded to Pekat Solar Sdn. Bhd. to design, supply, install, testing and commissioning of 1,053 kilowatt-peak (kWp) Grid-Connected Photovoltaic ("PV") System using Net Energy Metering investment; and the acquisition of new wood-working machines and equipment.

Our Group has recorded net cash used in investing activities of RM5.48 million as of 31 December 2021 as compared to net cash used in investing activities of RM0.48 million as of 31 December 2020. This was mainly due to the acquisition of plant and machinery amounting to RM5.98 for our business expansion and growth purposes.

Net cash used in financing activities increased by RM1.20 million, from RM2.41 million as of 31 December 2020 to RM3.61 million as of 31 December 2021, this is mainly attributed to the higher dividend paid to the owners of the Company which were declared for the FYE 2020.

Liquidity and Capital Reserves

Barring any unforeseen circumstances, our Group shall have adequate working capital for our existing and budgeted requirements after taking into consideration the following: -

- Our current ratio had improved from 7 times as of 31 December 2020 to 11 times as of 31 December 2021, which indicated the Group has the ability in meeting the short-term obligations;
- Our CCE of approximately RM16.55 million as of 31 December 2021; and
- As of 31 December 2021, our Group was at a zero-gearing position.

Risk Relating to Our Business

Covid-19 Pandemic

The challenging environment and prolonged impact on economic recovery resulting from the Covid-19 pandemic have disrupted the livelihoods of households and businesses globally. We expect the Covid-19 headwinds will be prolonged in the year 2022 due to the emergence of new variants and the elevated number of infection cases, despite having Covid-19 vaccination programs rolled out.

Covid-19 viruses constantly change through mutation, and some variants spread more easily and quickly, which may lead to more cases. This would adversely impact our manufacturing capacity and operation, and as such, we continue to implement the best practices and ensure the Standard Operating Procedures ("SOPs") were updated and adhered to and stay relevant to safeguard the safety and well-being of the workforce.

Product Demand and Price Fluctuation

The financial performance of our business is primarily dependent on the demand and selling price of our timber finished products. The fluctuation in demand and product selling price is subject to factors such as global economic conditions, global demand, and other factors which are beyond our control.

Management Discussion & Analysis (cont'd)

Risk Relating to Our Business (Cont'd)

Availability of Logs Supply and Fluctuation in Logs Prices

Logs are the primary raw material for the manufacturing process of WPFM, and the Group mainly sources its timber logs locally. In view of the government's policies in tightening the deforestation activities to protect forests, the risk of shortage in supply of logs has been raised. Measures have also been initiated by the Forestry Department to control the annual timber harvesting volumes and this would also strain the supply of timber and result in timber price hike.

Additionally, weather and climate change are also amongst the factors that would influence the supply of logs, for instance, logging activities will be halted during the monsoon months due to wet weather conditions. Thus, the Group has been adopting the prudent strategy of having a high sawn timber inventory level to ensure the Group has sufficient sawn timber materials to comfortably meet the customer orders.

Fluctuations in Currency Exchange Rates

Approximately 90% of the Group's export proceeds are denominated in US Dollars. Close regular monitoring of exposure of foreign currency risk is critical as the volatility of foreign currency exchange would significantly impact the Group's financial performance. In order to mitigate the foreign exchange fluctuation risk, we have used forward foreign exchange contracts to hedge against the foreign currency movement.

Future Prospect and Outlook

Looking ahead, we anticipate the year 2022 will be another challenging year, impacted by Covid-19 and substantial increases in input costs. Nevertheless, we are seeing the light at the end of the tunnel, as the economy of advanced countries has reopened and border control restrictions are progressively being lifted.

The Group started 2021 with decent revenue growth, thanks to low jobless claims in the USA, coupled with a sharp rise in stimulus-induced spending. However, the reintroduction of MCO 3.0 by the government on 12 May 2021, which later transgressed into FMCO on 1 June 2021 had adversely impacted our business operation. Grateful to the high level of engagement and commitment from our employees, the roll-out of vaccines across the organisation has progressed swiftly, and the Group was allowed to resume its manufacturing soon after the government announced the relaxation on the opening up of the economy in August 2021.

Nonetheless, USA Federal Reserve has indicated that it will combat the rampant inflation with multiple interest rates hike, coupled with the Ukraine-Russia war and the geopolitical stress that has complicated the macro landscape for 2022. The extended disruption to the global supply chain and surge in commodity prices would further exacerbate the high inflation and weigh on economic growth. Nonetheless, the USA employment rate is likely to remain firm going forward, coupled with the pent-up demand brought forward from the pandemic and the market supply shortages of home décor products amid strained supply chains, which may provide some offset against the adversities. To be better equipped to weather the uncertainties and challenges, we will actively seek all possible avenues and resources and invest in financially viable production automation to improve operational efficiency.

SUSTAINABILITY STATEMENT

CSCENIC Group recognises that sustainability is the key driver to long-term value creation for the Group, employees, shareholders, customers and the communities as a whole.

The Board is pleased to present this Sustainability Statement ("Statement") for the FYE 2021.

This Statement illustrates our sustainability principles and strategic approaches in addressing material sustainability challenges and opportunities within the context of Economic, Environment and Social ("EES") in our business operations.



SCOPE OF THIS STATEMENT

This Statement covers the Group's sustainability strategies and performance within the business operations in Malaysia from 1 January 2021 to 31 December 2021, unless otherwise specified.

BASIS OF THIS STATEMENT

This Statement was prepared based on the available internal information with reference to Bursa Securities' Main Market Listing Requirements ("MMLR") relating to Sustainability Statements and its Sustainability Reporting Guide 2nd Edition.

ASSESSMENT OF MATERIAL MATTERS

Material matters that are most relevant to our Group and various stakeholders are identified and assessed as part of our sustainability management. Kindly refer to our Material Matters Matrix in this Statement for further details.

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 cognisance of long-term environmental sustainability.

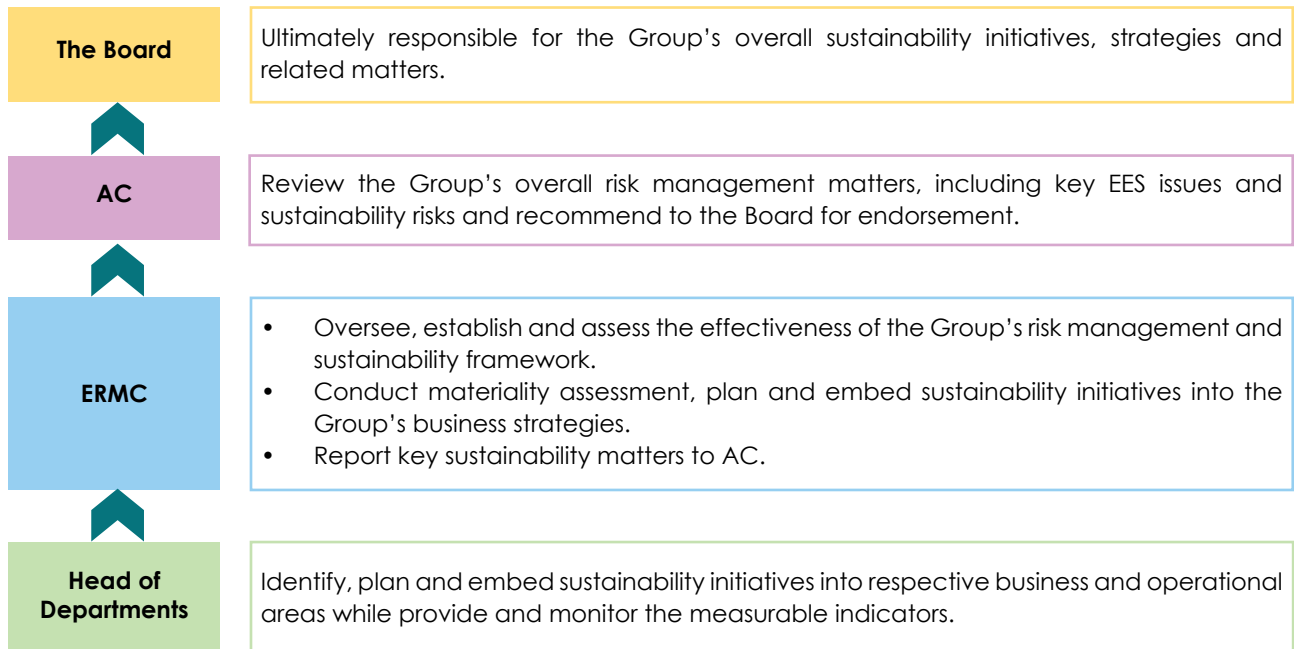
FEEDBACK

We welcome stakeholders' feedback on this Statement and any other relevant matters to improve our sustainability measures and reporting standards. Any feedbacks, comments and enquiries can be directed to cscenic@classicscenic.com.

Sustainability Statement (cont'd)

OUR SUSTAINABILITY DEVOTION FOR A BETTER FUTURE









Sustainability Governance Structure



Sustainability Strategies

United Nations ("UN") has introduced the 2030 Agenda for Sustainable Development ("Agenda") in 2015. The Agenda comprises 17 Sustainable Development Goals ("SDGs") as a shared blueprint for peace and prosperity for people and our planet. The said Agenda was adopted by all UN Member States in the same year.









In CSCENIC Group, we have formulated our sustainability strategies taking into consideration the SDGs that are most relevant to the Group within the context of EES as follows: -

Sustainability Pillars	Sustainability Strategies	Relevant SDGs
Economic	<ul style="list-style-type: none"> To grow the business in a sustainable way. To deliver quality products and services consistently. To ensure high quality of raw material sourcing. To maintain/improve customer satisfaction. To practice good corporate governance. 	 
Environment	<ul style="list-style-type: none"> To protect and preserve the environment. To lessen any adverse environmental impacts arising from day-to-day operations. To ensure raw material sourced are in compliance with the regulated safety level. 	 
Social	<ul style="list-style-type: none"> To take care of employees' welfare. To take care and maintain employees' health and safety. To enrich the community. 	   

Sustainability Statement (cont'd)

STAKEHOLDERS ENGAGEMENT

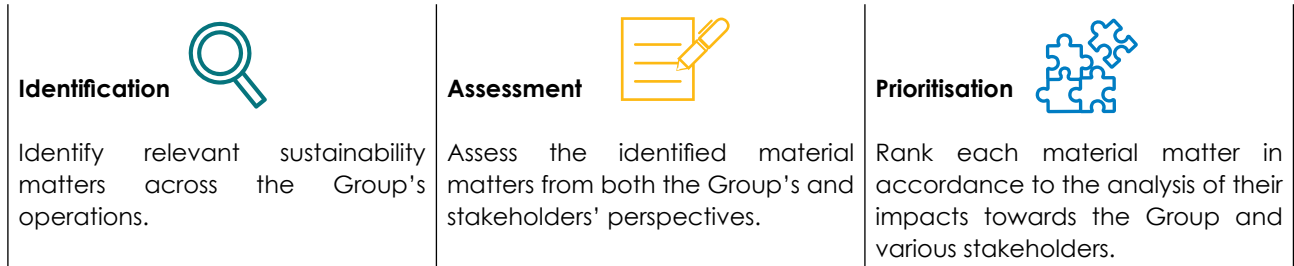
As part of the sustainability management, stakeholders' engagement is essential for us to gain insights on their areas of concern with regard to the Group. We have adopted various engagement approaches to engage with various stakeholders as follows: -

Stakeholders	Areas of Interest/Material Matters	Engagement Approaches
 <p>The Board</p>	<ul style="list-style-type: none"> Financial and operational performance Strategies and structures formulation Corporate governance Internal controls and risk management Interest of various stakeholders Business growth and expansion 	<ul style="list-style-type: none"> Board meetings General meetings Company events
 <p>Shareholders/ Investors</p>	<ul style="list-style-type: none"> Investment returns and associated risks Sustainable business growth Financial and operational performance Corporate governance 	<ul style="list-style-type: none"> Quarterly financial results Annual report General meetings Company website
 <p>Employees</p>	<ul style="list-style-type: none"> Career opportunities Competitive salary and benefits package Occupational health and safety Training and development 	<ul style="list-style-type: none"> Company internal meetings Engagement with Management Performance appraisal Training and development program
 <p>Customers</p>	<ul style="list-style-type: none"> Quality products and services Competitive pricing and on-time delivery Customer satisfaction Product development and innovation 	<ul style="list-style-type: none"> Customer feedback survey Company website
 <p>Suppliers</p>	<ul style="list-style-type: none"> Long-term business relationship Fair and transparent procurement procedures Credit terms and timely payments 	<ul style="list-style-type: none"> Supplier evaluation Email and face-to-face communications
 <p>Government/ Regulators</p>	<ul style="list-style-type: none"> Legal compliance Corporate governance 	<ul style="list-style-type: none"> Compliance audit Bursa announcements Renewal of licenses and permits
 <p>Community</p>	<ul style="list-style-type: none"> Community contribution and wellbeing Environmental impact from business operations Local job creation and economic support 	<ul style="list-style-type: none"> Company website Corporate social responsibility ("CSR") program
 <p>Analyst/Media</p>	<ul style="list-style-type: none"> Financial and operational performance Business growth and expansion plans Corporate governance Share price performance 	<ul style="list-style-type: none"> Quarterly financial results Annual report General meetings Interview sessions Company website Bursa announcements

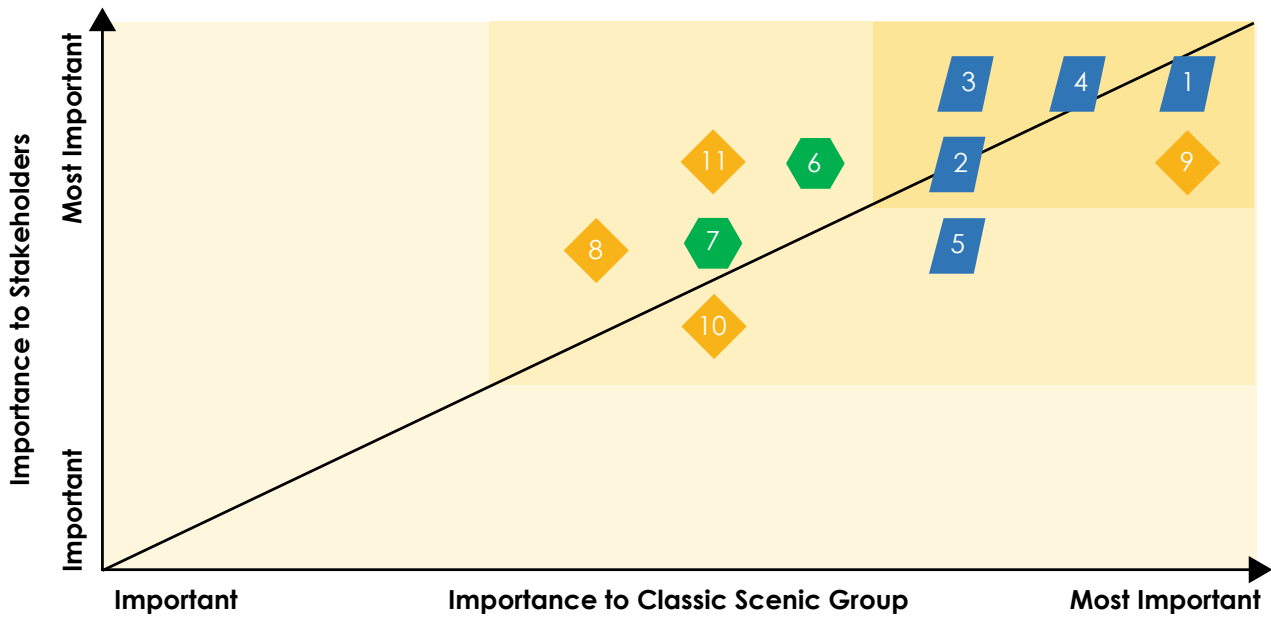
Sustainability Statement (cont'd)

MATERIAL MATTERS ASSESSMENT

Materiality assessment is crucial for us to identify and prioritise material sustainability matters that are significant to the Group and our various stakeholders. Regular engagement with various stakeholders as mentioned earlier has facilitated our material matters assessment in the following process: -



We have adopted a rating approach to evaluate the importance and the degree of impacts of each sustainability matter identified. According to our assessment, we have identified and ranked eleven (11) key areas which matter the most to the Group and our stakeholders, scaling from "Important" to "Most Important" respectively, in the following Material Matters Matrix: -



ECONOMIC	ENVIRONMENT	SOCIAL
1 Business Growth and Expansion	6 Environmental Monitoring and Compliances	8 Workforce Diversity
2 Raw Material Sourcing	7 Effective Energy Practice	9 Occupational Safety and Health
3 Product and Services Quality		10 Training and Development
4 Customer Satisfaction		11 Employee Welfare
5 Corporate Governance		

Sustainability Statement (cont'd)

ECONOMIC

Business Growth and Expansion



To sustain business growth and expansion for long-term value creation

Our business started early in 1988 where the first wooden frame moulding was made and marketed locally. Throughout the years, our business growth continuously and we achieved a significant milestone by having the Company listed on the ACE Market of Bursa Securities in 2004. The Company achieved another milestone shortly in 2006 by transferring to the Main Market of Bursa Securities.



Today, the Group has grown into one of the largest WPFM manufacturer and exporter in Malaysia and further expanded internationally to North America, Australia, New Zealand, Japan, and Europe. The North America segment contributes highest revenue to the Group currently. We are eager to further expand our international market presence continuously.

Apart from international market presence, the Group has also expanded locally in Malaysia via the acquisitions of the following: -

- (a) Acquisition of four (4) parcels of industrial land with total land area of approximately 520,000 square feet together with a manufacturing plant erected on the land from VE Surpass Frame (M) Sdn. Bhd., a company that is engaging in manufacturing of wooden picture frame and moulding. The acquisition enables us to instantly increase our production capacity to cater for the growing demand from our international market; and
- (b) Acquisition of 100% equity interest in Hock Hoe Hin Forest Produce Sdn. Bhd. ("HHH"), a company that is involving in sawmilling activities. The acquisition of HHH represents an upstream expansion for the Group as HHH has a ready commissioning sawmill plant with a sawing license. In addition, it possesses chemical pressure treatment and kiln-drying plants. This has not only complemented to our existing wooden frame moulding manufacturing business but also enabled us to grow and expand in a more sustainable way.

The acquisitions above have marked our efforts in gearing towards SDG Target 8.2 - to achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

In order to maintain our business resilience and weather the challenging time arising from Covid-19 pandemic, we have prepared a pandemic risk register to identify possible associated risks to our business operations and formulated a pandemic risk mitigation plan to ensure proper and adequate controls/measures are in place to mitigate the respective risk identified. Our pandemic risk mitigation plan covers Business Rebound Preparation, Prudent Cost Control & Cash Preservation as well as Risk Management.

Raw Material Sourcing



To ensure materials are being procured from genuine and authentic source

While forest degradation is contributing to the climate change issue which attracts increasing global attention, our Group has in-placed a long-standing strategy of sourcing legally verified timber. This is to support and promote forest sustainability via good forestry practices in our procurement.

Since 2009, our timber chain-of-custody management system has been certified by an internationally recognised body, namely FSC, under the scope of "purchase of FSC 100% sawn timber, manufacture using transfer system and sale of FSC 100% wooden picture frame moulding".



Sustainability Statement (cont'd)

ECONOMIC (CONT'D)

Raw Material Sourcing (Cont'd)



To ensure materials are being procured from genuine and authentic source (Cont'd)

As a WPFM manufacturer, timber is always our major raw material. Any shortage of timber will certainly affect our production and its relevant costs, hence we have deliberated and identified the following approaches as our mitigation plan: -

- To establish and widen the timber sourcing networks;
- To train timber sourcing team to monitor and optimise timber yield;
- To train the production team in ensuring optimisation of timber usage during production process; and
- To explore, test and research on other alternative wood species, whenever possible.

Supplier assessment is conducted on a yearly basis to assess the quality of our suppliers and ensure their materials supplied to the Group is up to our required standards. Our assessment criteria cover from the aspect of quality, cost, compliance, lead time and delivery, financial information accessibility and transparency, as well as mutual beneficial relationship. Any supplier who does not meet our requirement will be ruled out in order to maintain a quality and effective supply chain management.

In order to support our local economy and gearing towards SDG Target 8.1, we attempt to source for raw materials locally, whenever possible. For the FYE 2021, 89.5% of our raw materials are sourced locally, represents an increase of 2.4% from the FYE 2020.

FYE 2021
89.5%
Local Procurement
(FYE 2020: 87.1%)

Product and Services Quality

To monitor and improve the quality of our products and services continuously

We are well aware that our customers' loyalty is underpinned by the quality of our products and services. In order to maintain high product quality, we always implement stringent controls throughout the production process in accordance to our Quality Policy. Since 2001, our quality management system has been accredited with ISO 9001, under the scope of "Manufacture of Wooden Picture Frame Mouldings".



Product safety is always one of our top priorities. Our technical staff has the devotion to conduct numerous research and testing to assure that raw material safety levels meet the safety and health requirements and in compliance to the required regulations as follows: -

- Restriction of Hazardous Substance Directive 2011/65/EU (RoHS);
- The Code of Federal Regulations, Chapter II – Consumer Products Safety Commission of the USA; and
- The United States Environmental Protection Agency Air Resources Board – Airborne Toxic Control Measure (ATCM).

Sustainability Statement (cont'd)

ECONOMIC (CONT'D)

Customer Satisfaction

To achieve customer satisfaction score of 4 or above

In this rapidly changing business environment, one of the Group's critical success factors is to listen to customers. We conduct customer satisfaction survey annually on our major customers to get feedbacks and assess their satisfaction level. The survey covers the aspects of product quality, packaging attributes, professionalism, customisation capabilities, technical and innovative capabilities, delivery lead time, responsiveness as well as the recommendation of design/style for our future product development.

In FYE 2021, we have obtained 100% response rate for the customer satisfaction survey and continue to receive high rating of 4.45 out of full score of 5, the same score as per FYE 2020. We shall continue to maintain or improve our products and services quality so as to meet or even exceed our customers' expectation.

FYE 2021
4.45 score
Customer Satisfaction
(FYE 2020: 4.45 score)

In FYE 2021, we received a total of 17 complaints. We have categorised the complaints received into three (3) levels, i.e., major, moderate or minor complaint as follows: -

- (a) Major complaint involves a high degree of customer dissatisfaction or product unfit for use;
- (b) Moderate complaint involves product that is partially malfunction or able to function after modification; and
- (c) Minor complaint involves product that does not reflect any performance loss and it only shows minor nuisance to customer.

For FYE 2021, no major complaint were received as compared to three (3) major cases in FYE 2020. Our quality commitment has been proven with a significant year-on-year reduction in the total customer complaints from 37 to 17 cases in FYE 2021.

Regardless positive or negative, we take all customers' feedbacks constructively. All customers' feedback, complaint and comments are addressed by our team in accordance to our "Control of Non-conforming Product" SOP. Corrective actions will be undertaken based on different level of customer complaint. Full/partial compensation will be refunded or replacement of goods will be arranged for customers with major complaint, while partial discounts will be provided to customers with moderate complaint. For minor complaint, no financial efforts will be taken but customer's feedback will be considered for further improvement.

Corporate Governance



To instil good corporate governance within the Group to safeguard the interest of various stakeholders

In the spirit of SDG Target 16.6 to develop effective, accountable and transparent institutions at all levels, the Group has been putting great efforts to ingrain ethical values in the working environment and promote ethical business conducts across the Group. The Group has always been maintaining a firm stand to advocate the following principles: -



Zero tolerance to unethical business conduct



Zero tolerance to any form of fraud, bribery and corruption



Committed to act professionally, fairly and with integrity in all business dealings and relationships

Sustainability Statement (cont'd)

ECONOMIC (CONT'D)

Corporate Governance (Cont'd)

To instil good corporate governance within the Group to safeguard the interest of various stakeholders (Cont'd)

Code of Business Conducts & Ethics ("Code"), Anti-Fraud & Whistleblowing Policy ("AFW Policy") and Anti-Bribery and Corruption Policy ("ABC Policy") were established and adopted by the Group to support good corporate governance practices. All the Code, AFW Policy and ABC Policy are published on our Company's website at <http://www.classicscenic.com/corporate-profile/>. Our practices of good corporate governance are also disclosed in the Corporate Governance Overview Statement in this Annual Report and in the Corporate Governance Report.

In FYE 2021, we are pleased to highlight that no employees had been disciplined or dismissed, nor any public cases been brought against the Group and its employees due to non-compliance to the applicable laws and regulations. Thus, no relevant fines, penalties or settlements were imposed or made during the financial year under review.

ENVIRONMENT

Environmental Monitoring and Compliances



To comply with environmental rules and regulations and protect the environment

With SDG Target 12.2 in mind to achieve sustainable management and efficient use of natural resources, we have put in place timber yield monitoring and timber usage optimisation strategies.

Wood wastes such as short woods, wood chips and saw dust generated from our production are being recycled and reused in our production. For example, short woods are jointed into long lumber for the creation of premium finished products while wood chips and saw dust are utilised to generate steam and produce energy to the Group's kiln-drying plant. In addition, we also transform the saw dust by compacting into wood briquette to produce heat energy.

Apart from sustainable management and efficient use of natural resources, we are also looking into SDG Target 6.3 - to improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. In this regard, we have established an Environmental Policy highlighting the relevant environment protection measures to serve as a guidance to the Group as a whole.

Scheduled waste and air pollution management is also one of our key concerns within environmental monitoring and compliances. We have appointed a competent person, who is well-trained and certified after attending the Certified Environmental Professional in Scheduled Waste Management (CePSWaM) training course, to monitor the disposal of scheduled waste and air pollution matters of the Group.

Paint sludge generated from our production is a form of scheduled waste. All paint sludge is collected into a waste water treatment plant to minimise environment contamination. We are pleased to share that there is only 0.29kg per thousand feet of paint sludge generated from our production in FYE 2021, a significant decrease by 71% as compared to 1.00kg per thousand feet of paint sludge generated in FYE 2020. Such improvement is a result of our stringent material management and operational efficiency.

FYE 2021
0.29 kg
Paint Sludge
(FYE 2020: 1.00 kg)

Sustainability Statement (cont'd)

ENVIRONMENT (CONT'D)

Environmental Monitoring and Compliances (Cont'd)



To comply with environmental rules and regulations and protect the environment (Cont'd)

Aside from paint sludge, we have also generated the following scheduled waste from our production in FYE 2021: -

Scheduled Waste	SW409 Contaminated Container/ Bag/ Equipment	SW418 Discarded Ink / Lacquer
Total Weight Generated	350kg	30,706kg
Ratio of Waste to Production - FYE 2021 - FYE 2020	0.02kg per thousand feet 0.07kg per thousand feet	1.92kg per thousand feet 1.95kg per thousand feet
Disposal Method	Disposed through scheduled waste contractors registered with Department of Environment ("DOE") Malaysia	

Minimal air contamination from our wood-making process is unavoidable. Nevertheless, we strive to keep the air pollution to a minimum acceptable level in accordance to the Environmental Quality (Clean Air) Regulations 2014. We have engaged an independent environmental consultant certified by the DOE, to conduct an assessment on the air emission pollution generated from our production line in FYE 2020 and the result was satisfactory. We were unable to conduct the same assessment in FYE 2021 due to the Covid-19 pandemic, the assessment will be postponed to FYE 2022.

On the other hand, the Group's manufacturing facilities including hot water boiler, blowers and wood impregnation plant are certified by the Department of Occupational Safety and Health ("DOSH") Malaysia, indicating our compliance to its relevant rules and regulations.

Effective Energy Practice



To reduce waste of energy

The Group's commitment in conserving energy and to achieve energy efficiency across the Group's operation are as follows: -

(a) Energy Efficiency Contributions

Energy efficient LED lighting such as T8 fluorescent tubes, are installed at our production floor areas to conserve energy while saving electricity costs for the Group.

The Group has taken energy efficiency measures to a step further by investing RM2.1 million in advanced wood-working machinery, as well as replace and upgrade current equipment parts. This will not only enhance our machines' capability that can generate higher production output, but shorten the changeover times as well as increase energy savings. Partial of the investment amount was allocated to purchase wood briquette machines which compresses wood dust into briquette to generate heat energy.

In addition, the Group has on 21 December 2021 appointed Pekat Group Berhad ("Pekat") to undertake the design, supply, installation, testing and commissioning of 1,053 kWp self-consumption (SELCO) grid connected solar PV system. The solar PV system will be installed at our four (4) factory buildings located in Rawang, Selangor, and is expected to generate approximately 1.3 gigawatt hours of green energy, equivalent to power 258 Malaysian homes for the entire year. The said investment cost is RM 3.1 million and is expected to complete by July 2022.

Sustainability Statement (cont'd)

ENVIRONMENT (CONT'D)

Effective Energy Practice (Cont'd)



To reduce waste of energy (Cont'd)

(b) Environmental Green Fund Scheme

The Group has established an Environmental Green Fund Scheme since 2010 to raise awareness of energy saving in its commercial and operational activities along with the promotion of 3Rs concept (Reduce, Reuse, and Recycle) across the Group. In FYE 2021, the initiative has saved approximately RM3,500, which will be shared amongst all employees as well as to support a group of underprivileged employees.

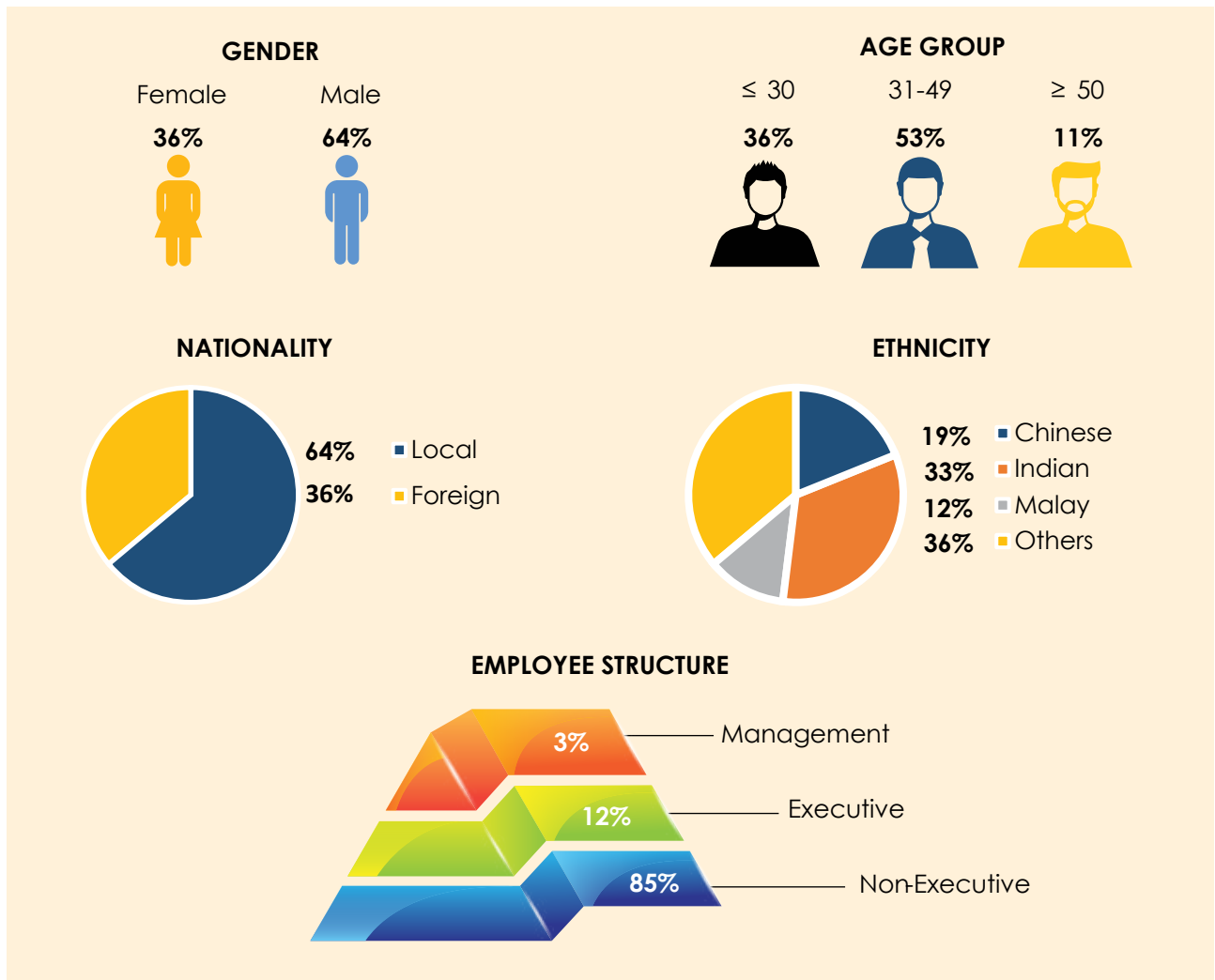
SOCIAL

Workforce Diversity



To manage employee turnover rate within 20%

In CSCENIC Group, we embrace synergy effects from workforce diversity as it inspires greater creativity and productivity in the working environment. As at 31 December 2021, we have a total of 343 employees with mixed background in terms of gender, age group, nationality, ethnicity and employee structure as follows: -



Sustainability Statement (cont'd)

SOCIAL (CONT'D)

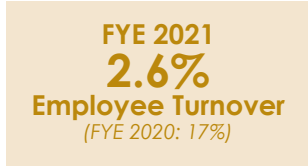
Workforce Diversity (Cont'd)



To manage employee turnover rate within 20% (Cont'd)

As part of our efforts in gearing towards SDG Target 5.5 to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life, our Group is committed to promote gender diversity especially amongst the Board and Senior Management positions. To reinforce our commitment, we have introduced a Gender Diversity Policy and implemented across the Group. We are proud to share that we have achieved 40% women participation at top management level as at 31 December 2021, represents an increase of 7% from 33% as at 31 December 2020.

We are cognisant that human capital and employees' royalty to the Group is crucial to the long-term business sustainability of the Group. Hence, we aimed to retain employees and maintain an annual employee turnover rate of within 20%. We are glad to inform that we have greatly reduced the employee turnover rate from 17% in FYE 2020 to 2.6% in FYE 2021.



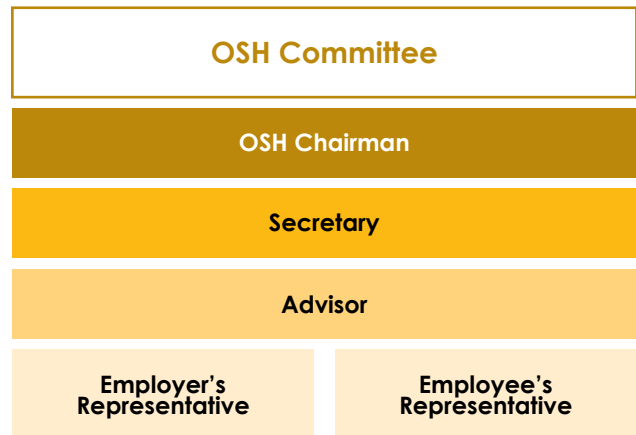
Occupational Safety and Health ("OSH")



To minimise injury and accident at workplace

As a responsible corporation, OSH has always been our top priority to ensure our employees are provided with a safe and healthy working environment. This is in line with SDG Target 3 - to ensure healthy lives and promote well-being for all at all ages and SDG Target 8.8 - to protect labour rights and promote safe and secure working environments for all workers.

We have established an OSH Committee to oversee and deliberate safety and health issues. We have also put in place a Safety and Health Policy to serve as a guidance for all employees to maintain a safe and healthy workplace across the Group.



Safety and Health Policy	
1	To provide and maintain a safe and healthy working environment for all our employees and others.
2	To foster and increase awareness of OSH among employees. Employers and employees will share the responsibility to create a safer and healthier workplace, so that this culture can be practiced effectively.
3	To develop and enforce the use of safe working practice, the Company will ensure that adequate resources, training and time are made available for such development and enforcement.
4	To hold each section and department head accountable for the achievement of these objectives.
5	To ensure implementation and effectiveness of this policy is achieved through cooperation, participation and involvement of all employees and related parties.
6	To review the safety and health management systems and programs regularly to ensure continual improvement.

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Occupational Safety and Health ("OSH") (Cont'd)



To minimise injury and accident at workplace (Cont'd)

The OSH Committee will conduct periodic in-house workplace inspection to ensure the Group's safety measures are adequately in place to meet the safety standards and regulations. The workplace inspection is conducted in our office and various factories covering the following areas: -

- Electrical;
- Fire extinguisher and hydrant;
- Chemicals;
- Forklift;
- Workers;
- Machine;
- Personal Protective Equipment ("PPE");
- First aid box;
- Housekeeping;
- Hygiene; and
- Other relevant matters, such as lighting, cleanliness and proper safety signage.



In FYE 2021, we regret to inform that 11 work-related injuries were reported with 0.3% lost time over the total work time. As part of our measures to improve on OSH management, safety trainings are conducted regularly to enhance employees' knowledge and awareness on OSH matters. During FYE 2021, we have conducted three (3) safety trainings as follows: -

- PPE (Mask/Earplug/Glove/Goggle) and Handling Trolley;
- Orientation, Safety Orientation and Work Instruction; and
- Forklift Operators Training.

On top of the OSH management above, we also take several precautionary measures to protect our people from exposure to and infection with Covid-19. As Covid-19 continues to evolve, the Group continues to apply the best practises by updating, enhancing and implementing Covid-19 SOP stringently. All employees are required to conduct the Antigen Rapid Test Kit (RTK-Ag) swab or saliva test bi-weekly at the expense of the Group. Quarantine is also imposed on infected or close contact employees in accordance to the Malaysian government's SOP in order to curb the spread of Covid-19 in our workplace.

In line with SDG Target 3.8 to achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all, the Group has taken the initiative to register for those employees who had yet to obtain vaccination appointment, for Public-Private Partnership Covid-19 Industry Immunisation Programme (PIKAS) at the cost of the Group to ensure that all employees are protected with full course of vaccinations. As at 4 March 2022, all employees have completed two (2) compulsory doses of vaccination and more than 95% employees had received booster shot. In FYE 2021, the Group has incurred a total of RM0.12 million for the Covid-19 precautionary measures including sanitisation, purchase of test kits and PIKAS registration.

In spite of our preventive measures implemented, we regret to inform that 70 employees were infected with Covid-19 in FYE 2021 in tandem with the resurgence of Covid-19 nationally. Nevertheless, we are glad that all of them are fully recovered now and no casualties were reported during the year.

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Training and Development

To support the development of workforce

We recognise the importance of having our employees well-equipped with the necessary skills and capabilities for their daily operations. Hence, our employees are recommended to join the yearly structured training programs to sharpen their skills and knowledge. The training and development programs shall not only benefit the employees, but strengthen the Group's overall capability to achieve our long-term goals and plans.

In FYE 2021, we have invested approximately RM0.03 million for employees' training and development. Our office and production employees are provided with an average of 12 training hours and 0.4 training hours per employee respectively.

Training Programs Conducted during FYE 2021	
Jom Guna Levi HRDF Mandatory-Accreditation-Program	January 2021
Microsoft Cyber Technology 2021 Updates What You Need to Know on the Conversion from CE to UKCA QMS Interpretation, Implementation and Documentation	March 2021
Reinvestment Allowance and Automation Capital Allowance	June 2021
Microsoft Excel Intermediate	August 2021
Mandatory-Accreditation-Program Wood Science Training	October 2021
2022 Budget Seminar Webinar: Understanding and Managing Employment Misconduct Forklift Operators Training	December 2021

Employee Welfare

To take care of employees' interests and welfare

In CSCENIC Group, we cherish our people's contributions and efforts by taking care of their interest and wellbeing. In view of the increasing cost of living, the Group has ensured that the remuneration package remains competitive in the market and employees are equitably compensated in light of their contributions. In spite of the challenging market, annual increment review is still conducted to review our people's remuneration package by benchmarking to the market rate on a yearly basis. Various benefits, incentives and allowances are provided to employees to weather the uncertainties during this difficult time.

As a form of appreciation and gratitude to the efforts and contribution from our long-servicing employees, we are proud to share that nine (9) of our employees were rewarded with the Long Service Award, of which eight (8) of them have been working with the Group for 20 years while the remaining one (1) employee has been along with the Group for 30 years.

The Group is of the view that employees are the most precious assets amongst others. Therefore, their feedback and opinions are very important to us which should be given full consideration. The Management cultivates an open-door policy, allowing employees to freely and easily raise their concerns and issues. Translator is also arranged for those foreign labours who know only their mother tongues in order for them to express their voice and grievances easily to the Management.

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Employee Welfare (Cont'd)

To take care of employees' interests and welfare (Cont'd)

Employee Job Satisfaction Survey is conducted once in every two (2) years to gain insight of their opinion and satisfaction for working in CSCENIC Group. However, due to Covid-19 pandemic which lead to exceptional operation arrangement, we have not performed such survey in FYE 2020 and FYE 2021. In tandem with the transformation of Covid-19 from pandemic into endemic stage, we shall continue to conduct the survey in FYE 2022.

With the adoption of new normal, we have turned our Annual Appreciation Lunch event into a virtual event via YouTube live platform. Annual appreciation lunch was prepared in lunch boxes and distributed to all employees, while the Long Service Award Ceremony and lucky draw event were conducted virtually via the YouTube live platform.



*Lunch Greetings by Managing Director
and Executive Directors*



Long Service Award Ceremony



Annual Appreciation Lucky Draw



Long Service Award Ceremony

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of CSCENIC recognises the importance of good corporate governance and strives to uphold high standard of corporate governance practices promulgated in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") across the Group. The Board is committed to manage the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting the Group's assets as well as enhancing shareholders' value and stakeholders' interest.

The Board is pleased to present this Corporate Governance Overview Statement ("CG Statement") which provides an insight on the Company's corporate governance practices, by describing how the Board discharges its duties and responsibilities to build a sustainable business. This CG Statement is made in accordance with MCCG 2021 and is set out by the following three (3) key corporate governance principles: -

Principle A Board Leadership and Effectiveness;

Principle B Effective Audit and Risk Management; and

Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Statement complies with Paragraph 15.25(1) of the MMLR. The Board has also provided specific disclosures on the application of each practice in its Corporate Governance Report ("CG Report"). Shareholders are advised to read this CG Statement together with the CG Report for FYE 2021 which is published on the Bursa Securities' website at <https://www.bursamalaysia.com/>.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

PART I BOARD RESPONSIBILITIES

1 Leadership by the Board

The Board is responsible for leading the Group's development, establishing the Group's strategic goals, and ensuring that the necessary financial and human resources are adequately allocated for the Group to drive towards the excellence. The Board has established the Group's vision and mission to serve as our ultimate business goal. In discharging of responsibilities, the Board is guided by the Board Charter that has stipulated the roles and responsibilities of the Board to oversee the Group's proper conduct of business, business performance, risk management, internal controls, corporate governance, succession planning, investor relations, shareholders' engagement and regulatory compliance matters.

In order to ensure an effective discharge of its function and responsibilities, the Board has delegated certain functions and authorities to three (3) Board Committees, namely Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Executive and Risk Management Committee ("ERMC"). The delegation of authority to the Board Committees, associated with the guidance by respective terms of reference, enables the Board to achieve operational efficiency, by empowering each Board Committee to review, report and make recommendations to the Board on matters relevant to their scope of responsibilities. Although MCCG 1.4 advocates that the Chairman of the Board shall not be member of the Board Committee, our Board Chairman is currently a member of the AC and NRC. Nevertheless, this departure does not impair the objectivity of the Chairman or the Board when deliberating on the observations and recommendations put forth by the Board Committees as all the Independent Non-Executive Directors deliberate discussed matters as a team. In addition, the Chairman is not involved in the Company's managerial and operational matters.

While affairs at the Company level are supported by Board Committees, the Board has also delegated the Group's day-to-day operations to the Managing Director ("MD") and Key Senior Management ("KSM").

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

1 Leadership by the Board (Cont'd)

The Board is led by Datuk Iskandar Bin Sarudin, the Independent Non-Executive Chairman. Datuk Iskandar leads the Board with a keen focus on strategy, governance and compliance and act as facilitator at Board meetings to ensure that opinions and views from all Directors are effectively and constructively deliberated to address any arising challenges and contribute to the development of strategy for the Group. The Chairman also plays a pivotal role to ensure the effectiveness of the Board and advocate good corporate governance practice across the Group.

CSCENIC has also put in place sound corporate governance by having the Chairman and MD held by two (2) different individuals so as to ensure the balance of control, power and authority. While the Chairman is responsible to ensure the effectiveness within the Board and corporate governance within the Group, the MD, Mr. Lim Chee Beng assumes the executive role to oversee the Group's daily operations.

According to Board Charter, the Board is required to meet at least four (4) times a year, and additional meetings are convened as and when necessary. During FYE 2021, six (6) Board meetings were held and the attendances of all Directors at Board Meeting as follows: -

Director	Meeting Attendance	Percentage of Attendance
Datuk Iskandar Bin Sarudin (<i>Appointed on 16/6/2021</i>)	4/4*	100%
Lim Chee Beng	6/6	100%
Lim Kim Lee (<i>Appointed on 26/7/2021</i>)	3/3*	100%
Vo Nghia Huu (<i>Appointed on 26/7/2021</i>)	3/3*	100%
Lew Chong Kiat (<i>Appointed on 26/7/2021</i>)	3/3*	100%
Ooi Youk Lan (<i>Appointed on 1/4/2021</i>)	4/4*	100%
Teh ZiYang (<i>Appointed on 8/12/2021</i>)	-	-
Lim Chee Hwa (<i>Resigned on 26/7/2021</i>)	3/3*	100%
Au Thin An @ Low Teen Ann (<i>Resigned on 1/12/2021</i>)	6/6	100%
Lee Kong Weng (<i>Retired on 16/6/2021</i>)	3/3*	100%
Chow Chooi Yoong (<i>Retired on 16/6/2021</i>)	3/3*	100%
Lim Kwee Huay (<i>Resigned on 23/4/2021</i>)	2/2*	100%

* Reflects the number of meetings held during the time of the Director held office.

Our Directors' commitments are clearly for all to see by the full meeting attendance during FYE 2021. Pursuant to Paragraph 15.05(3)(c) of the MMLR, all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as held during the financial year under review.

All Board and Board Committee meetings are scheduled in advance to enable the Directors to reserve their times for the Company. The Board is supported by a suitably qualified and competent Company Secretary, who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary is responsible for facilitating meeting logistics and advising the Board in achieving good corporate governance by ensuring compliance to statutory laws, legislation, regulatory requirements, listing requirements and other relevant rules and regulations. Meeting materials, including meeting agenda and Board papers, are circulated to all Directors at least seven (7) days or a shorter period where unavoidable, before the intended date of the scheduled meetings. This is to ensure that sufficient time is provided for Directors to peruse the meeting materials and obtain further explanations, if necessary, in order to provide meaningful deliberations during the meetings.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

1 Leadership by the Board (Cont'd)

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs as well as to the Management, services of Company Secretary, Internal and External Auditors in order to assist them in discharging their duties and responsibilities effectively.

The Company Secretary is tasked to record the Board's deliberations, in terms of issues discussed and decisions made, and to ensure that such records are well documented for the Board's notation in the subsequent meeting.

The Company Secretary has and will continue to constantly keep herself abreast of the evolving regulatory changes and developments in corporate governance practices through continuous training. In FYE 2021, the Company Secretary has attended relevant Continuing Professional Development points as required by MAICSA and the Companies Commission of Malaysia.

2 Demarcation of Responsibilities

The Company has formalised and adopted a Board Charter to clearly define and segregate the roles and responsibilities of the Board, Board Committees, Chairman, MD and Company Secretary as well as the matters that are reserved for the Board's deliberation and decision.

The Board Charter will be periodically reviewed and updated. It is made available on the Company's website <http://www.classicscenic.com/corporate-profile/>.

3 Ethical Business Conduct and Robust Corporate Culture

For maintaining ethical behaviour and business dealings across the Group, the Board has adopted the Code of Business Conducts and Ethics ("Code") which sets out the policies and procedures of conduct expected of Directors and employees, with the aim to cultivate good ethical conduct through integrity, accountability, transparency, and corporate social responsibility. Directors and employees are required to disclose any conflict-of-interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

In line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018), the Group has also put in place an Anti-Bribery and Corruption Policy ("ABC") to advocate the Group's zero tolerance principle against any form of bribery and/or corruption in the business conduct within the Group.

Any detection of suspect or known unethical behaviours, malpractices, illegal acts and/or failure to comply with applicable laws, internal policy, rules and regulations within the Group shall be reported to the AC Chairman at lew.chongkiat@gmail.com. The procedure to raise concern or make report is outlined in the Whistleblowing Policy and Procedure. The said policy is formulated to protect whistleblower who reports in good faith against any adverse and detrimental action within all applicable laws and regulations. Investigation will be initiated by the AC Chairman upon receipt of report from whistleblower, and disciplinary actions will be undertaken against the wrongdoer.

All the Code, ABC Policy and Whistleblowing Policy and Procedure are published on the Company's website at <http://www.classicscenic.com/corporate-profile/>.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

4 Sustainability Management

With the rising awareness on sustainability, the Board attempts to advocate sustainability management across the Group and the Company as a whole. The Board fully acknowledges that the sustainability of the Group is greatly influenced by three (3) pillars, namely the Economic, Environment and Social ("EES") contexts.

The Board has formalised a Sustainability Policy which outlines the Group's sustainability goals pertaining to environmental and social issues. In sustainability management, a top-down approach is adopted where the Board is ultimately accountable for the Group's sustainability affairs and it is supported by AC to assist in overseeing the Group's risk management system. ERMC is responsible to identify and evaluate any arising sustainability risks and opportunities with materiality assessment so as to establish appropriate sustainability initiatives to address such matters accordingly. ERMC will report the said sustainability management outcomes to AC. While in daily operations, Head of Departments are essential in implementing the sustainability strategies into day-to-day business management.

While the Board understands that sustainability issues evolve in line with the ever-changing business environment, the Directors have attended various training programs to keep themselves abreast of the latest sustainability trend. The Board is also updated by the ERMC for the Group's risk management and internal control system on a regular basis, which has also covered the sustainability risks that the Group exposes to.

During FYE 2021, our Directors have attended the following training programs: -

Director	Training Programs/Seminars/Conferences Attended	Date
Datuk Iskandar Bin Sarudin	<ul style="list-style-type: none"> Enterprise Risk Management Awareness Training 	8/6/2021
Vo Nghia Huu	<ul style="list-style-type: none"> Mandatory Accreditation Program for Directors of Public Listed Companies 	11 – 13/10/2021
Ooi Youk Lan	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised) 	17/9/2021
Lim Kim Lee	<ul style="list-style-type: none"> Mandatory Accreditation Program for Directors of Public Listed Companies 2022 Budget Seminar Microsoft Excel Intermediate 	11 – 13/10/2021 6/12/2021 9 & 11/8/2021
Lew Chong Kiat	<ul style="list-style-type: none"> Mandatory Accreditation Program for Directors of Public Listed Companies 	11 – 13/10/2021
Lim Kwee Huay (Resigned on 23/4/2021)	<ul style="list-style-type: none"> Mandatory Accreditation Program for Directors of Public Listed Companies 	18 – 20/1/2021
Au Thin An @ Low Teen Ann (Resigned on 1/12/2021)	<ul style="list-style-type: none"> Tax Audit and Tax Investigation - Checkmate for Tax Payers by Federation of Public Listed Companies Shape Your Risk Management Strategy in Manufacturing by Marsh Insurance Brokers Navigating Your Journey to Resilience by Marsh Insurance Brokers US Forced Labor Legislation: Impact on Corporate Malaysia by KPMG 	25/5/2021 22/6/2021 21/7/2021 15/9/2021

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

4 Sustainability Management (Cont'd)

Sustainability is not just an internal thing. The Board recognises the importance of appropriate disclosure to and communication with stakeholders to enable the Group to further understand stakeholders' requirements and expectations so as to improve our sustainability initiatives and reporting standards. As such, the Group's sustainability strategies and commitments as well as engagement with various stakeholders during FYE 2021 are set out in the Sustainability Statement within this Annual Report.

PART II BOARD COMPOSITION

5 Board Diversity and Objectivity

The Board currently comprises seven (7) members, with one (1) MD, two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director: -

Name	Directorship
Datuk Iskandar Bin Sarudin <i>(Appointed on 16/6/2021)</i>	Independent Non-Executive Chairman
Lim Chee Beng	Managing Director
Lim Kim Lee <i>(Appointed on 26/7/2021)</i>	Executive Director
Vo Nghia Huu <i>(Appointed on 26/7/2021)</i>	Executive Director
Lew Chong Kiat <i>(Appointed on 26/7/2021 and Redesignated on 1/3/2022)</i>	Senior Independent Non-Executive Director
Ooi Youk Lan <i>(Appointed on 1/4/2021)</i>	Non-Independent Non-Executive Director
Teh ZiYang <i>(Appointed on 8/12/2021)</i>	Independent Non-Executive Director

The details of profile of each Director are set out in the Profile of Board of Directors within this Annual Report. Although Independent Director does not reach half of the Board, however, the Board is made up of a majority of Non-Executive Directors who are not involved in the day-to-day business management in an effort to maintain the objectivity of the Board's deliberation and decisions.

Aside from independency, the Board also realises the importance of having a diverse Board and KSM. The current Board and KSM is made up of a mix of qualified and experienced professionals to contribute a wide pool of ideas, perspectives, skills and knowledge for the Group's sustainable business growth. In terms of gender diversity, there are two (2) female Directors in the current Board, which represent 28.6% of the women representation as at 31 December 2021. On the other hand, there is also a two-third (2/3) of women representation in the KSM.

Moving forward, the Board will not hesitate to appoint and recruit suitably qualified female candidates to the Board and KSM position respectively, whenever appropriate. Notwithstanding that to avoid any inappropriate and ineffective appointment, gender shall not be a pre-requisite criteria to the directorship of the Company or the managerial positions in the Group.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

Our NRC is responsible to review the effectiveness of the Board, Board Committees, as well as the contribution and performance of each individual Directors annually. The present NRC comprises exclusively of Independent Non-Executive as below: -

Position	Name	Directorship
Chairman	Lew Chong Kiat <i>(Appointed on 26/7/2021)</i>	Senior Independent Non-Executive Director
Member	Datuk Iskandar Bin Sarudin <i>(Appointed on 16/6/2021)</i>	Independent Non-Executive Chairman
Member	Teh ZiYang <i>(Appointed on 8/12/2021)</i>	Independent Non-Executive Director

In discharging the roles and responsibilities of the NRC, which is specified in its terms of reference that is published on the Company's website at <http://www.classicscenic.com/corporate-profile/>, NRC is responsible to assess the independency of our Independent Directors on a yearly basis. In accordance with the policy that an independent director shall not exceed a cumulative term of nine (9) years, none of the existing Independent Directors have served on the Board for a cumulative term of more than nine (9) years as all Independent Directors are newly appointed in FYE 2021. Nevertheless, in the event if the Board intends to retain an independent director who has served for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval at Annual General Meeting ("AGM").

For any appointment of director, the NRC will evaluate the candidate based on the prescribed set of criteria as per terms of reference, including but not limited to skills, knowledge, expertise, experience, professionalism, integrity, time commitment, and in the case of a candidate for the position of Independent Non-Executive Director, the independence. The NRC instills equal opportunities by not solely relying on recommendations from existing Board members, Senior Management or major shareholders in identifying suitably qualified candidates. The NRC also source for potential candidates from relevant bodies such as Malaysian Alliance of Corporate Directors, Malaysian Institute of Directors and Malaysian Directors Academy while woman directors may also be sourced from the NAM Institute for the Empowerment of Woman Malaysia (NIEW).

Our shareholders are well-informed by the Company for any appointment or re-appointment of directors through the Statement Accompanying Notice of AGM which is attached as part of the annual report.

6 Overall Board Effectiveness

The NRC has on 26 November 2021 performed an annual assessment on the effectiveness and performance of the Board, Board Committees and individual Directors for FYE 2021. All NRC members have attended the meeting for the said purpose. The performance evaluation on a collective basis comprises the Board mix and composition, quality of information and decision making, Boardroom activities, Board Committees evaluation and Board's relationship with the Management.

All Board members completed the assessment questionnaires on a confidential basis and the results of the evaluations are collated and a summary of the findings is submitted to the NRC for deliberations and subsequently escalated to the Board for consideration on the key issues arising thereon, if any. The self-assessment consists of the mission and goals of the Company, competency, knowledge, independence and objectivity, accountability, time commitment, and active participation on the Board.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION (CONT'D)

6 Overall Board Effectiveness (Cont'd)

Based on the evaluation carried out for the FYE 2021, the NRC is satisfied with the existing Board composition in terms of gender, ethnicity and age, and is of the view that all Directors and Board Committees have discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company.

In terms of independence, all Independent Directors are assessed via the submission of "2021 Evaluation Questionnaire for Assessing the Independence of the Independent Directors" and "Independent Non-Executive Director Questionnaire and Confirmation of Independence by Independent Directors". In this regard, the Board is satisfied that all Independent Directors have fulfilled the independence criteria set out in Paragraph 1.01 of the MMLR and contributed with objective and independent views and judgements to the Board in FYE 2021.

PART III REMUNERATION

7 Remuneration Policy

Our NRC reviews the remuneration packages of the Board and KSM by aligning with the Group's purpose and values with the ultimate objective to achieve the Group's long-term success.

For MD and Executive Directors, their remuneration is designed to link rewards to the Group's performance and achievement of goals, including quantified organisational targets, key performance index and/or personal achievement. Meanwhile, the remuneration of Non-Executive Directors is determined by the level of contribution, taking into consideration such as effort and time spent, and responsibilities of the Directors.

The annual remuneration review for FYE 2021 was conducted by the NRC on 26 November 2021. Each Director has abstained themselves from the deliberation and voting on matters pertaining to their own remuneration.

8 Remuneration of Directors and KSM

In view that fair remuneration is crucial to attract, retain and motivate Directors and KSM, the remuneration of the Board and KSM has taken into account the individual responsibilities, complexities and performance as well as skills and experience required to perform their scope of duties.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III REMUNERATION (CONT'D)

8 Remuneration of Directors and KSM (Cont'd)

The total remuneration of our Directors for FYE 2021 is as follows: -

	Company		Group			
	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Company Contribution (RM'000)	Benefits- in-Kind (RM'000)
Non-Executive Directors						
Datuk Iskandar Bin Sarudin	26	3	-	-	-	-
Au Thin An @ Low Teen Ann	28	5	-	-	-	-
Chow Chooi Yoong	11	2	-	-	-	-
Ooi Youk Lan	21	4	-	-	-	-
Lee Kong Weng	13	2	-	-	-	-
Lew Chong Kiat	13	3	-	-	-	-
Teh ZiYang	2	-	-	-	-	-
Total	114	19	-	-	-	-
Executive Directors						
Lim Chee Beng	-	-	366	57	77	18
Lim Kim Lee	-	-	121	38	19	4
Vo Nghia Huu	-	-	197	17	3	-
Lim Kwee Huay	-	-	120	-	23	3
Lim Chee Hwa	-	-	210	-	41	14
Total	-	-	1,014	112	163	39

The Directors' fees and benefits to Non-Executive Directors are subject to the approval of shareholders of the Company.

For our KSM, the remuneration should be set at a competitive level to recruit and retain high quality talent. It shall reflect the individual responsibilities, skills, expertise and contributions to the Group's performance. The Board is of the view that the disclosure of the KSM's remuneration may cause unnecessary staff rivalry and disillusionment. Premised on the security and confidentiality, the Board has decided not to disclose the KSM's remuneration.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I AUDIT COMMITTEE

9 Effective Audit Committee

The present AC comprises exclusively of Independent Non-Executive as below: -

Position	Name	Directorship
Chairman	Lew Chong Kiat <i>(Appointed on 26/7/2021)</i>	Senior Independent Non-Executive Director
Member	Datuk Iskandar Bin Sarudin <i>(Appointed on 16/6/2021)</i>	Independent Non-Executive Chairman
Member	Teh ZiYang <i>(Appointed on 8/12/2021)</i>	Independent Non-Executive Director

There is a strong element of independence in the AC to fulfil their role objectively and provide a critical and sound view in ensuring the integrity of financial controls and integrated reporting, and identifying and managing key risk. The Board is also mindful of having distinct individual to hold position of Board Chairman and AC Chairman. As such, the AC is chaired by Mr. Lew Chong Kiat, a Senior Independent Non-Executive Director, who is a FCCA, a member of CPA Australia, a CGMA of CIMA, and a Chartered Accountant with the MIA and the ISCA, with more than 25 years of experience in finance, accounting and corporate affairs with various private and public listed companies in Malaysia and Singapore.

Although only one-third (1/3) of the AC is a member of professional accounting bodies, our AC as a whole is financially literate and has sufficient understanding of the Group's business and matters under the purview of the AC including the financial reporting and auditing process. The AC has reviewed and provided advice on the financial statements which provide a true and fair view of the Company's financial position and performance.

In an attempt to enhance relevant skills and knowledge, all AC members have and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

As stipulated in its terms of reference, key audit partner is required to observe a cooling-off period of at least three (3) years before being appointed a member of the AC in order to uphold true independence when discharging his/her duties as an AC member. Nonetheless, none of the current AC member is a former key audit partner involved in auditing the Group.

In this regard, the AC is also responsible to assess the suitability, objectivity and independence of the External Auditors, by taking the following into consideration: -

- i) the independence of the external audit firm;
- ii) the adequacy in terms of the resources, competency, experience and quality of the External Auditors;
- iii) Adequacy of the scope of audit plan;
- iv) the External Auditors' resources capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in audit plan; and
- v) the nature and extent of the non-audit services rendered by the External Auditors and fees paid for such services.

Corporate Governance Overview Statement (cont'd)

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

PART I AUDIT COMMITTEE (CONT'D)

9 Effective Audit Committee (Cont'd)

The External Auditors has also provided written assurance to AC for confirming their independence throughout the audit engagement in compliance with the terms of relevant professional and regulatory requirements. The AC has recommended the re-appointment of Messrs. KPMG PLT as External Auditors for the financial year ending 31 December 2022, subject to our shareholders' approval in the forthcoming AGM.

10 Adequate Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control within the Group so as to protect shareholder's investment and the Group's assets.

The Group has adopted ISO 31000:2009, Risk Management – Principles and Guidelines as the Group's risk management framework, which provides a comprehensive risk management process covering communication and consultation with stakeholders, strategic planning, identifying, analysing, evaluating and managing significant risk, together with monitoring and review in place throughout the entire process. Meanwhile, SOPs are put in place in our daily operations to ensure that our business is operating in order with proper internal controls in place.

The Board is supported by ERMC to review and assess the adequacy and effectiveness of the Group's risk management and internal control system on a yearly basis. The features of the Group's risk management and internal control framework, together with its adequacy and effectiveness, are detailed in the Statement on Risk Management and Internal Control in this Annual Report.

11 Internal Audit and Governance Control

The Group's internal audit function is outsourced to an independent professional firm, Tricor Axcelasia Sdn. Bhd. The Internal Auditor is headed by its Executive Director, Mr. Chang Ming Chew, who is a Certified Internal Auditor and member of the Institute of Internal Auditors ("IIA") Malaysia and the Association of Chartered Certified Accountants (UK). Mr. Chang, together with his four (4) staff, have performed four (4) internal audit reviews during FYE 2021. All internal audit reviews were conducted in accordance to a risk-based approach and was guided by the International Professional Practice Framework ("IPPF") for Internal Auditing from the IIA except for non-conformance with Standard 1312-External Assessments.

In order to ensure appropriate conduct of internal audit engagements, the AC has full and unrestricted access to all information and resources which are required to perform the internal audit function. The Internal Auditor is authorised to report directly to the AC Chairman.

The Internal Auditor presents internal audit report at AC meetings on a quarterly basis, including the findings or weaknesses noted from existing internal control with its root-cause analysis and its corresponding proposed recommendations for operational improvement. Management will then acknowledge the weaknesses identified and implement the relevant recommendations within the stipulated timeframe. Follow up review will be conducted by the Internal Auditor to ensure that corrective actions and necessary controls are in place to strengthen the Group's internal control framework.

AC is responsible to evaluate the Internal Auditor annually by considering the adequacy of the internal audit work scope, competency, expertise and resources allocated. For FYE 2021, the AC is satisfied with the Internal Auditor's performance and is of the opinion that the Group's current internal control environment is satisfactory and operating adequately.

Further information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I ENGAGEMENT WITH STAKEHOLDERS

12 Communication with Stakeholders

The Board regards stakeholders' engagement as an essential process for future growth and improvements. The Company strictly adheres to Bursa Securities' disclosure framework by providing accurate and complete information to shareholders and the public on a timely manner. All information shall be disclosed in an effective and transparent way in order to support our shareholders to make informed investment decisions.

The Company discloses information via the following platforms: -

- Announcement made to Bursa Securities website;
- Quarterly financial reports and Annual Report;
- Press releases to media;
- AGM and Extraordinary General Meetings ("EGM") for dialogues with shareholders;
- Sessions with analysts; and
- Interviews.

PART II CONDUCT OF GENERAL MEETINGS

13 Meaningful General Meetings

The AGM serves as the principal forum for dialogue with shareholders on a yearly basis. The Board always ensures that AGM provides opportunities for our shareholders to have an effective communication with the Board or Management directly.

In order to ensure that our shareholders have sufficient time to make necessary time and travelling arrangement as well as to peruse the Annual Report, the Company circulates the notice of AGM at least twenty-eight (28) days prior to the AGM.

Due to the Covid-19 pandemic and implementation of the FMCO in June 2021, the Board has viewed the shareholders' safety as the first priority. As such, the Board conducted the 18th AGM on 16 June 2021 virtually via online meeting platform at <https://web.lumiagm.com> provided by Boardroom Share Registrars Sdn. Bhd. ("BSR"). BSR was also appointed as the Poll Administrator to facilitate the electronic voting while the poll results were verified by Boardroom Corporate Services Sdn. Bhd., who was appointed as the independent scrutineer of the AGM.

As an effort to ensure a smooth proceeding at AGM, the virtual voting procedures were detailed at the Administrative Notes relating to the 18th AGM in Annual Report 2020. On the AGM day, the Company Secretary was called upon to explain the proceedings of the meeting and online voting procedures to the shareholders before proceeding with the 18th AGM.

The Board encouraged shareholders' participation and all Directors were in attendance at the 18th AGM on 16 June 2021. Our Executive Director and Management also provided meaningful response to the queries raised by our shareholders during the AGM. The External Auditors were also invited to the AGM to respond to any queries raised by shareholders relevant to the conduct of audit and financial statements of the Group, if any.

Corporate Governance Overview Statement (cont'd)

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

PART II CONDUCT OF GENERAL MEETINGS (CONT'D)

13 Meaningful General Meetings (Cont'd)

We understand that virtual AGM may bring some challenges to the Board as well as our shareholders, especially that the 18th AGM was the first time for us to conduct AGM virtually. The online meeting platform allows shareholders to submit questions and comments by typing into the Messaging window feature. All queries were then read out and addressed by the Board and KSM. Questions that were submitted through the platform were also visible in the question feed to uphold transparency during the meetings.

The minutes of the 18th AGM had been uploaded on the Company's website at <http://www.classicscenic.com/corporate-profile/>.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices as set out in the MCCG 2021 and all other applicable laws, where applicable and appropriate.

This CG Statement was approved by the Board on 7 April 2022.

AUDIT COMMITTEE REPORT

The Board is pleased to present the AC Report for the FYE 2021 in compliance with Paragraph 15.15 of Bursa Securities MMLR.

1. MEMBERSHIP AND MEETINGS

The AC is tasked to support the Board in carrying out its responsibilities relating to the review of corporate accounting, financial reporting, external audit process as well as risk management and internal control system.

AC was appointed by the Board amongst its members, with all of them being Independent Non-Executive Directors: -

Name	Directorship	Meeting Attendance
Chairman		
Low Chong Kiat (Appointed on 26/7/2021 and Redesignated on 8/12/2021 & 1/3/2022)	Senior Independent Non-Executive Director	3/3 *
Lee Kong Weng (Ceased on 16/6/2021)	Independent Non-Executive Director	3/3 *
Au Thin An @ Low Teen Ann (Ceased on 1/12/2021)	Independent Non-Executive Director	5/5 *
Members		
Datuk Iskandar Bin Sarudin (Appointed on 16/6/2021)	Independent Non-Executive Chairman	3/3 *
Teh ZiYang (Appointed on 8/12/2021)	Independent Non-Executive Director	-*
Chow Chooi Yoong (Ceased on 16/6/2021)	Independent Non-Executive Director	3/3 *

* Reflects the number of meetings held during the time of the Director held office.

Pursuant to Paragraph 15.09(1) of MMLR, the AC is composed of no fewer than three (3) members and our AC Chairman, Mr. Low Chong Kiat, is a FCCA, a member of CPA Australia, a CGMA, and a Chartered Accountant with the MIA and ISCA. In line with the best practices of MCCG 2021, the Chairman of AC is not the Chairman of the Board.

The AC is guided by its terms of reference, covering its scope of duties and responsibilities, authority and other relevant matters, which is made available on the Company's website at <http://www.classic scenic.com/corporate-profile/>.

Whilst AC is required to meet at least four (4) times in each financial year, the AC met five (5) times during FYE 2021. Ms. Lim Kim Lee, our Executive Director who is also the Group's CFO, was invited to attend all AC meetings to provide clarification and information on audit issues and any relevant issues relating to the Group's operations. Representative of External Auditors and/or Internal Auditors, and other KSM, when necessary, were invited to the meetings to deliberate on matters within their purview. Company Secretary attended all AC meetings to record the minutes for each AC meeting. The meeting minutes shall be tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

Audit Committee Report (cont'd)

2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference, our AC has carried out the following activities during the financial year in discharging its duties and responsibilities: -

(A) Financial Reporting

- (i) Reviewed the quarterly financial results of the Group for: -
 - a. Fourth Quarter ended 31 December 2020 at meeting held on 23 February 2021;
 - b. First Quarter ended 31 March 2021 at meeting held on 25 May 2021;
 - c. Second Quarter ended 30 June 2021 at meeting held on 25 August 2021; and
 - d. Third Quarter ended 30 September 2021 at meeting held on 26 November 2021.
- (ii) Reviewed the final draft annual audited financial statements FYE 2020 in the presence of External Auditors to deliberate on such matters prior to submission to the Board for consideration and approval on 31 March 2021. The audited financial statements are made in compliance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Companies Act 2016 in Malaysia and MMLR; and
- (iii) Discussed with Management and the External Auditors on the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues arising from the statutory audit.

(B) External Audit

- (i) Reviewed and discussed the Audit Plan, which details the areas of audit approach, scope of work and significant risks;
- (ii) Reviewed the external auditors' findings arising from the audits, particularly any comments and responses in audit recommendations;
- (iii) Conducted one (1) private meeting with the External Auditors without the presence of Executive Directors and Management; and
- (iv) Assessed and evaluated the remuneration together with the performance of External Auditors with the consideration of qualifications, performance, independence, competency, resources and reliability, and have recommended to the Board for their re-appointment.

(C) Internal Audit

- (i) Reviewed the internal audit reports, findings, root-cause analysis and recommendations with overall rating of the Internal Auditor to ensure that appropriate actions were taken to improve the Group's internal control system;
- (ii) Reviewed and approved internal audit plan presented by Internal Auditor;
- (iii) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and that Internal Auditor has the necessary authority to carry out its work in accordance with the approved internal audit plan; and
- (iv) Reviewed the effectiveness of the audit process as well as the ability, qualification, performance, competency and resources of the Internal Auditor.

Further details of the activities performed by the Internal Auditor are stipulated in the Statement of Risk Management and Internal Controls within this Annual Report.

Audit Committee Report (cont'd)

2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(D) Risk Management and Internal Control

- (i) Reviewed the effectiveness of the internal control system and risk management framework adopted within the Group in line with the adoption of the Group's risk management policy based on ISO 31000:2009, Risk Management – Principles and Guidelines;
- (ii) Deliberated on the compliance with safety related regulations, including the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) and requirement on number of fire extinguishers;
- (iii) Reviewed the Group's operational and financial performance to ensure that findings and weaknesses highlighted by Internal Auditor were properly improved and rectified; and
- (iv) Highlighted to the Board any significant new risks which had come to its attention from the Internal Audit or Risk Management reports which are of sufficient importance to warrant the attention of the Board.

(E) Related Party Transactions

- (i) Reviewed any related party transactions entered into by our Group and any conflict-of-interest situation that may arise within our Group; and
- (ii) Ensured adequate processes and procedures were conducted to monitor related parties' transactions to be carried out at arm's length and under normal commercial terms with proper disclosure.

(F) Annual Report

- (i) Reviewed Audit Committee Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, and Sustainability Statement prior to submission to the Board's consideration and approval and inclusion in the Annual Report 2020.

3. INTERNAL AUDIT FUNCTION

With internal audit function being put in place, remedial actions can be taken in relation to weaknesses identified. The setting up of the internal audit function is geared to increase efficiency and improve the management of resources in all aspects within the Group's operations.

The Board has outsourced its internal audit function to an independent professional service provider, Tricor Axcelasia Sdn. Bhd., with suitable experience and capabilities to handle the internal audit functions. The Internal Auditor is authorised to report directly to the AC.

Internal Auditor has discharged their duties and responsibilities appropriately in accordance to the IPPF for Internal Auditing from the IIA except for non-conformance with Standard 1312-External Assessments. The Internal Auditor has executed the following internal audit reviews during FYE 2021: -

Internal Audit Review	Coverage Period
Supply Chain-Procurement	Quarter 1
Enterprise Risk Management	Quarter 2
Human Resources Payroll Procedures	Quarter 3
Corporate Liability – Anti-Bribery Management System	Quarter 4

Audit Committee Report (cont'd)

3. INTERNAL AUDIT FUNCTION (CONT'D)

Findings and weaknesses noted from the internal audit performed, together with their relevant root-cause analysis and recommendations, were presented to AC during AC meetings for their review and discussion. Internal Auditors also conducted follow-up reviews on the previous audit performed to monitor the implementation of relevant recommendations with the target timeframe with the objective to enhance the Group's operations, governance, risk management and internal control system.

On 23 February 2021, AC has assessed and evaluated the adequacy of the scope, function, competency and resources of Internal Auditors. AC was satisfied with the performance and independence of Internal Auditors in performing its duties in FYE 2020 and have recommended its re-appointment to the Board for another two (2) years.

The total professional fee incurred on the Group's internal audit function for the FYE 2021 amounted to RM44,000.

Further details of our internal audit function are detailed in our Statement on the Risk Management and Internal Control in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of CSCENIC is pleased to present the Statement on Risk Management and Internal Control for the FYE 2021. This statement shall demonstrate the nature and scope of our risk management and internal control system implemented across the Group. Pursuant to Paragraph 15.26(b) of the MMLR, we have prepared this statement in accordance with the recommendations provided in Principle B of the MCCG 2021 as well as the guideline stipulated in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITIES

The Board affirms that long-term business success and sound corporate governance is underpinned by an effective risk management and internal control system. The Board, in steering the Company, is cognisant of its ultimate responsibility to maintain an appropriate risk management and internal control system across the Group in order to safeguard our shareholders' investments and the Group's assets.

In view of the inherent limitation in any risk management and internal control system, the said system is designed to manage rather than eliminate the risk of failure to achieve the corporate aims and objectives. As such, it shall provide reasonable but not absolute assurance of its effectiveness against any material financial misstatement, loss, fraud or any unforeseeable events. The Board is satisfied that the Group's risk management and internal control system has been operating adequately to safeguard the shareholders' investment, stakeholders' interests as well as the Group's assets for the financial year under review and up to the date of approval of this Annual Report.

RISK MANAGEMENT SYSTEM

The Board is supported by our ERM to identify, evaluate and manage the significant risks faced by the Group on an ongoing basis and report to the Board via the AC at least once annually. The ERM, comprising the MD, two (2) Executive Directors and three (3) KSM, is responsible for the following duties: -

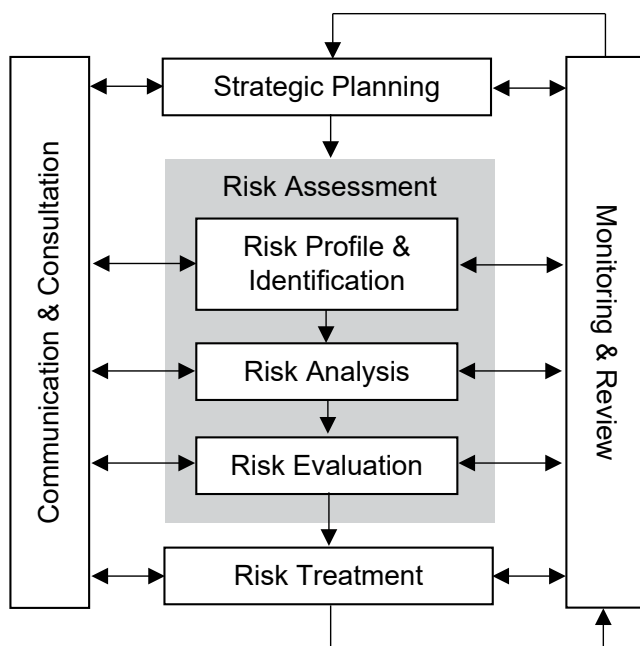
- (i) To manage the day-to-day Group operations;
- (ii) To implement strategic business plan and policy approved by the Board;
- (iii) To establish and maintain an adequate and effective Enterprise Risk Management framework and Anti-Bribery Management System;
- (iv) To review the risks and opportunities associated with the business strategies and its operating processes; and
- (v) To formulate major policies in areas such as succession planning and talent management, human resource management, information technology, communications and investment project reviews.

The ERM performs annual assessment on the adequacy and effectiveness of the Group's risk management and internal control system, and reports such results to the AC. Any material risks which may result in significant adverse impact towards the Group's operation and business performance shall be escalated to the Board's attention.

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

RISK MANAGEMENT SYSTEM (CONT'D)

The Group's risk management system is guided by ISO 31000:2009, a set of well-established risk management process codified by the ISO. The Group has implemented a Risk Management Policy, together with its Risk Management Standard Procedures, which has outlined the following key features: -



Step 1: Communication & Consultation

To communicate with and consult from both external and internal stakeholders for a better understanding on any risk-related issues, including its cause, potential consequences and any measures undertaken. This action should take place during all stages throughout the risk management process.

Step 2: Strategic Planning

To develop risk criteria by considering the changes from both external and internal contexts. External context should include the consideration in respect of politic, economy, social and culture, technology, environment, as well as laws and regulations, while internal context is related to the Group's strength and weakness in terms of people, governance processes, policies, infrastructure, organisational structure and culture.

Step 3: Risk Profile & Identification

This is the first step for risk assessment where all material risks as well as their corresponding risk owners, control system to mitigate the risks, likelihood, consequences and risk profile are identified and documented into Risk Register.

Step 4: Risk Analysis

After identifying relevant risks, risk analysis should take place to assess the likelihood and consequences of the identified risks. We conduct the analysis based on the following three (3) approaches: -

- **Quantitative assessment** The use of measures to define the actual or perceived potential loss and/or damage;
- **Qualitative assessment** The use of prior knowledge or experience from past events to determine the level and nature of risk; and
- **Combination** The combination of both quantitative and qualitative assessment.

As guided by our Risk Impacts Measure Guideline, all risks are analysed into three (3) categories, namely high, medium and low, indicating the certainty and level of potential adverse impact towards the Group. The outcome of risk analysis will also be properly recorded into Risk Register. Several areas and functions including production, procurement, marketing, warehousing, process engineering, quality control, maintenance, information technology, human resources, safety and health, finance and account as well as pandemic business contingency are covered in our Risk Register.

Step 5: Risk Evaluation

With reference to the Risk Register, after identifying and analysing risks, risk owners and ERM shall evaluate and determine the acceptability of the risks and to prioritise the risks subsequently. This is to recognise whether the risks are relevant and within the control of the Group or beyond our control such as legislative change and natural events.

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

RISK MANAGEMENT SYSTEM (CONT'D)

Step 6: Risk Treatment

After performing the entire risk assessment, we will identify, determine and implement the most suitable risk treatment options, from the options available below: -

- **Terminate risk** To eliminate material risk from business operations, whenever practicable and commercially sensible;
- **Transfer risk** To outsource the risk to an organisation which is more appropriately skilled or resourced to manage the particular risk, whenever appropriate;
- **Treat risk** To reduce the likelihood and consequence of the risk, whenever the risk is unable to be transferred or eliminated; and
- **Tolerate risk** To put in place appropriate operational controls for an effective ongoing risk management, whenever the risk is acceptable.

Step 7: Monitor & Review

Risk owners should monitor, review and update the Risk Register at least once in a year, or whenever necessary, to maintain the Risk Register current and relevant to the latest business and regulatory environment. ERMC is responsible to review the Risk Register on a yearly basis and report to the Board on any emerging risk that may result in potential material impact to the Group.

INTERNAL CONTROL SYSTEM

On top of the risk management, internal control system is embedded in our day-to-day operations across the Group to ensure that our business is being managed effectively and sustainably. The Management is delegated with the responsibility to implement internal controls within the Group. Audit Committee shall review the adequacy and effectiveness of the internal controls and governance processes within the Group and highlight any significant internal control deficiencies affecting the Group's strategic and business plans to the Board at the scheduled quarterly Board meetings.

During the financial year under review, our key internal controls in place in the Group are as follows: -

- (i) Board Charter for the Board and terms and reference for all Board Committees are clearly defined and established;
- (ii) Management organisation structure with clear reporting lines of accountability and authority is properly defined and documented;
- (iii) Business plan including annual budget is prepared to measure the financial and operational performance of the Group, and is reviewed by ERMC before it is submitted to the Board for their approval;
- (iv) ERMC reviews the Group's operational and financial performance on a monthly basis 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 in the event of any changes in risks and business environment;
- (v) ERMC also conducts other performance evaluation activities such as reviewing monthly management accounts/reports and comparing the Group's actual annual performance with budgets and explanation by Management for any significant variances;
- (vi) AC also supports the Board by reviewing the quarterly financial results, annual report, audited financial statements, the Group's risk profile and all internal control issues identified internally and externally by the Internal Auditors. For any weakness noted in control areas, AC is responsible to monitor the implementation of the recommendations which are proposed by the Internal Auditors;

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

INTERNAL CONTROL SYSTEM (CONT'D)

- (vii) The Group's Quality Management System is accredited with ISO 9001:2015 under the scope of "manufacture of wooden picture frame mouldings". Internal quality audits and surveillance audit are carried out internally and by an external certification body respectively on a yearly basis to provide assurance on such compliance to the ISO 9001:2015 certification. ISO Quality Policy is also in place to serve as our guidance towards a more stringent quality control;
- (viii) Several company policies including the Code, AFW Policy, ABC Policy as well as Whistleblowing Policy and Procedure are implemented across the Group;
- (ix) SOPs covering our various operational areas are implemented in the operations within the Group. For an appropriate human resources development, procedures for hiring and termination of employees, formal training programmes, annual performance appraisals and other relevant procedures are properly in place to ensure that our people are competent and well-trained in carrying out their duties and responsibilities; and
- (x) In FYE 2021, operational review meetings were held three (3) times. All Executive Directors and the Heads of Department attended the meetings to identify, deliberate and resolve any key operational issues so as to enhance the effectiveness of the existing internal control system.

INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to an independent professional service provider, Tricor Axcelasia Sdn. Bhd. The Internal Auditor provides the Group a professional, independent and objective review on the overall adequacy of the Group's internal control system.

For the FYE 2021, the Internal Auditor has conducted the following internal control reviews: -

Internal Audit Coverage Area	Internal Audit Cycle
Enterprise Risk Management	Quarter 1, FYE 2021
Human Resource Payroll Procedures	Quarter 2, FYE 2021
Corporate Liability – Anti-Bribery Management System	Quarter 3, FYE 2021
Information Technology General Control – Manage Security	Quarter 4, FYE 2021

The Internal Auditor presented the findings and weaknesses noted during the audit review and proposed corresponding recommendations at the AC meetings. Management is responsible to implement the corrective actions while AC shall monitor and ensure that the actions are undertaken within the stipulated timeframe. Internal Auditor will also perform subsequent review on the implementation of corrective actions on previous audit findings and report the same to the AC.

Based on the internal audit reviewed conducted in FYE 2021, the Board is satisfied that there were no significant weaknesses noted in the internal control system that may have a material impact and would require separate disclosure in the Company's Annual Report.

ANTI-FRAUD AND WHISTLEBLOWING POLICY

The Group upholds the principle of anti-fraud at all times and has adopted a risk-based approach to manage and monitor such matter. We have formulated an AFW Policy to serve as the main guidance in advising the procedures of dealing any suspected and/or known fraud. This policy also further defines the rights of the informants and the protection accorded to them.

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

ANTI-FRAUD AND WHISTLEBLOWING POLICY (CONT'D)

The AFW Policy is established to fulfil the following objectives: -

- To ensure that business is conducted in compliance with all applicable laws and regulations;
- To promote and cultivate an environment with honesty and integrity;
- To enhance employees' awareness of the Group's stand on illegal, unethical and dishonest acts and the consequences of such acts; and
- To create employees' awareness of their roles, rights and responsibilities pertaining to any illegal, unethical and dishonest acts.

This policy covers the scope across our employees as well as consultants, suppliers, and/or any other parties with a business relationship with the Group. Any suspected and/or known fraudulent activity should be initially raised to respective departmental manager, human resource and administration manager, financial controller and CFO whoever is appropriate to be reported to. Stakeholders are also able to raise such concern to the AC Chairman via lew.chongkiat@gmail.com. The policy is published on the Company's website at <http://www.classicscenic.com/corporate-profile/>.

ANTI-BRIBERY AND CORRUPTION POLICY

To ensure that our business is conducted in an honest and ethical manner, the Group advocates zero-tolerance against any form of bribery and/or corruption at all times. Also, endorsed by the Section 17A of MACC Act, the Group has developed the ABC Policy which outlines our responsibilities in dealing with matters relating to corruption risk assessment, conflict of interest, gifts, entertainment, hospitality and travel, donations and sponsorships, anti-money laundering, facilitation payments, due diligence and other relevant procedures. Kindly refer to our Company website at <http://www.classicscenic.com/corporate-profile/> for further details.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this statement and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system.

The scope of their review is set out in Audit and Assurance Practice Guide 3 ("AAPG3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the MIA.

The Board has received assurance from the MD and Executive Director cum CFO, representing the Management, that the Group's risk management and internal control system is implemented adequately and effectively in all material aspects.

CONCLUSION

The Board acknowledges that the system of the risk management and internal control shall be continuously improved and enhanced in line with the Group's business growth as well as the ever-changing business environment. Hence, the Board, together with the Board Committees and Management, will strive to maintain and improve the Group's risk management and internal control system on an ongoing basis.

For FYE 2021, no significant internal control deficiencies or material weaknesses resulting in material losses, contingencies or uncertainties would require separate disclosure in this Annual Report. The Board is of the opinion that the existing system is adequate to safeguard our shareholder's investments, stakeholders' interests and the Group's assets.

The statement was approved by the Board on 7 April 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

Pursuant to the Companies Act 2016 ("Act"), the Directors are required to prepare the financial statements for each financial year and ensure that the financial statements of the Group and of the Company have been drawn up in accordance with the applicable MFRS, IFRS and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2021, and of the financial performance and cash flows for the financial year.

In preparing the financial statements for the FYE 2021, the Board is satisfied that the Directors have: -

- Adopted suitable and appropriate accounting policies and applied them consistently;
- Ensured compliance with applicable accounting standards, including MFRS, IFRS and requirements of the Act, subject to any material departure being explained in the financial statements;
- Made judgements and estimates which are reasonable and prudent; and
- Ensured the financial statements have been prepared on a going concern basis.

The Directors are also having general responsibilities to take reasonable steps to safeguard the Group's assets to prevent and detect fraud, other irregularities and material misstatements.

The Directors are satisfied in preparing the financial statements of the Group and of the Company for the FYE2021, and ensure that proper accounting and other relevant records for the preparation of the Group's and the Company's financial statements are kept with reasonable accuracy.

This statement was made in accordance with a resolution of the Board dated 7 April 2022.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

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. 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/(Loss) for the year attributable to: Owners of the Company	6,408,006	(982,943)

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 Company paid a first interim single tier dividend of 3.0 sen per ordinary share totalling RM3,614,992 in respect of the financial year ended 31 December 2020 on 4 January 2021.

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors' Report

For the year ended 31 December 2021

(cont'd)

DIRECTORS OF THE COMPANY

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

Lim Chee Beng
 Ooi Youk Lan
 Datuk Iskandar bin Sarudin (appointed on 16 June 2021)
 Vo Nghia Huu (appointed on 26 July 2021)
 Lim Kim Lee (appointed on 26 July 2021)
 Lew Chong Kiat (appointed on 26 July 2021)
 Teh Zi Yang (appointed on 8 December 2021)
 Lim Kwee Huay (resigned on 23 April 2021)
 Chow Chooi Yoong (resigned on 16 June 2021)
 Lee Kong Weng (resigned on 16 June 2021)
 Lim Chee Hwa (resigned on 26 July 2021)
 Au Thin An @ Low Teen Ann (resigned on 1 December 2021)

Lim Chee Beng and Vo Nghia Huu are also Directors of the subsidiaries of the Group.

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:

Interest in the Company

	At 1.1.2021/ date of appointment	Number of ordinary shares		At 31.12.2021
		Bonus issue	Transferred	
Direct				
Lim Kim Lee	2,520	2,520	-	5,040
Lim Chee Beng – others*	2,136,200	2,136,200	4,272,400	-

* Shares held through spouse and/or children.

The other Directors holding office at 31 December 2021 did not have any interest in the shares of the Company and of its related corporations during the financial year.

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.

Directors' Report

For the year ended 31 December 2021 (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

- a) 120,499,740 new ordinary shares as bonus shares together with 120,499,740 free warrants, on the basis of 1 bonus share together with 1 free warrant for every 1 existing ordinary share held in the Company. The bonus shares were issued as fully paid shares at no consideration and without any capitalisation of the Company's reserves.
- b) 12,500 new ordinary shares arising from the exercise of 12,500 warrants at the exercise price of RM0.61 per ordinary share for a total cash consideration of RM7,625.

There were no other 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

During the financial year, the Company issued 120,499,740 new ordinary shares as bonus shares together with 120,499,740 warrants, on the basis of 1 bonus share together with 1 free warrant for every 1 existing ordinary share held in the Company.

The warrants can be exercised during the exercise period commencing on and including the date of the first issue of the warrants, i.e. 12 August 2021 to 12 August 2026. Each warrant entitles the registered holder the rights at any time during the exercise period to subscribe in cash for 1 new ordinary share of the Company at an exercise price of RM0.61 each.

At the end of the financial year, 120,487,240 warrants remained unexercised.

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 (2020: 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

Directors' Report

For the year ended 31 December 2021

(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

- 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.

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 2021 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 29 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

.....
Vo Nghia Huu
Director

Petaling Jaya

Date: 7 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Property, plant and equipment	3	95,214,036	48,638,558	-	210
Intangible asset	4	878,181	878,181	-	-
Investment in subsidiaries	5	-	-	60,865,442	62,431,585
Total non-current assets		96,092,217	49,516,739	60,865,442	62,431,795
Inventories	6	27,176,064	22,970,278	-	-
Trade and other receivables	7	9,013,571	4,435,008	304,860	4,160
Prepayments	8	1,319,604	575,349	-	-
Current tax assets		184,365	-	-	-
Derivative financial assets	9	39,165	120,225	-	-
Cash and cash equivalents	10	16,553,607	25,814,975	5,616,829	8,971,435
Total current assets		54,286,376	53,915,835	5,921,689	8,975,595
Total assets		150,378,593	103,432,574	66,787,131	71,407,390
Equity					
Share capital	11	60,698,348	60,690,723	60,698,348	60,690,723
Revaluation reserve		38,706,592	-	-	-
Retained earnings		38,497,593	32,089,587	6,016,379	6,999,322
Total equity attributable to owners of the Company		137,902,533	92,780,310	66,714,727	67,690,045
Non-controlling interest		-	-	-	-
Total equity		137,902,533	92,780,310	66,714,727	67,690,045
Liabilities					
Deferred tax liabilities	12	7,319,394	2,969,797	-	-
Total non-current liabilities		7,319,394	2,969,797	-	-
Current tax liabilities		71,179	381,125	-	-
Trade and other payables	13	3,109,696	7,056,231	72,404	3,717,345
Contract liabilities	14	1,975,791	245,111	-	-
Total current liabilities		5,156,666	7,682,467	72,404	3,717,345
Total liabilities		12,476,060	10,652,264	72,404	3,717,345
Total equity and liabilities		150,378,593	103,432,574	66,787,131	71,407,390

The notes on pages 67 to 108 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	15	48,758,474	46,269,209	-	2,800,000
Cost of sales		(31,955,854)	(30,960,386)	-	-
Gross profit		16,802,620	15,308,823	-	2,800,000
Other income		22,544	170,402	-	-
Distribution expenses		(1,470,600)	(1,038,343)	-	-
Administrative expenses		(4,389,704)	(3,604,866)	(829,500)	(346,380)
Other expenses		(2,678,684)	(2,425,859)	(257,039)	(227,280)
Net gain/(loss) on impairment of financial instruments		16,112	(2,000)	-	-
Results from operating activities		8,302,288	8,408,157	(1,086,539)	2,226,340
Finance income	16	276,329	169,822	103,596	132,304
Profit/(Loss) before tax		8,578,617	8,577,979	(982,943)	2,358,644
Income tax expense	17	(2,170,611)	(2,205,213)	-	-
Profit/(Loss) for the year	18	6,408,006	6,372,766	(982,943)	2,358,644
Other comprehensive income, net of tax Items that will not be reclassified subsequently to profit or loss					
Revaluation of properties	19	38,706,592	-	-	-
Total comprehensive income/ (expense) for the year		45,114,598	6,372,766	(982,943)	2,358,644
Profit/(Loss) attributable to:					
Owners of the Company		6,408,006	6,372,766	(982,943)	2,358,644
Non-controlling interest		-	-	-	-
		6,408,006	6,372,766	(982,943)	2,358,644
Total comprehensive income attributable to:					
Owners of the Company		45,114,598	6,372,766	(982,943)	2,358,644
Non-controlling interest		-	-	-	-
		45,114,598	6,372,766	(982,943)	2,358,644
Basic earnings per ordinary share (sen)	20	2.66	2.64		
Diluted earnings per ordinary share (sen)	20	2.59	2.64		

The notes on pages 67 to 108 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to owners of the Company			Total RM	Non-controlling interest RM	Total equity RM
		Share capital RM	Revaluation reserve RM	Retained earnings RM			
At 1 January 2020		60,690,723	-	31,741,808	92,432,531	-	92,432,531
Profit and total comprehensive income for the year		-	-	6,372,766	6,372,766	-	6,372,766
Transactions with owners of the Company							
- Dividends	21	-	-	(6,024,987)	(6,024,987)	-	(6,024,987)
At 31 December 2020/ 1 January 2021		60,690,723	-	32,089,587	92,780,310	-	92,780,310
Profit and total comprehensive income for the year		-	-	6,408,006	6,408,006	-	6,408,006
Proceeds from issuance of ordinary shares		7,625	-	-	7,625	-	7,625
Revaluation of properties	19	-	38,706,592	-	38,706,592	-	38,706,592
At 31 December 2021		60,698,348	38,706,592	38,497,593	137,902,533	-	137,902,533
		Note 11	Note 11				

The notes on pages 67 to 108 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Note	← Attributable to owners of the Company →		
		Share capital RM	Retained earnings RM	Total equity RM
At 1 January 2020		60,690,723	10,665,665	71,356,388
Profit and total comprehensive income for the year		-	2,358,644	2,358,644
Transactions with owners of the Company - Dividends	21	-	(6,024,987)	(6,024,987)
At 31 December 2020/1 January 2021		60,690,723	6,999,322	67,690,045
Loss and total comprehensive expense for the year		-	(982,943)	(982,943)
Proceeds from issuance of ordinary shares		7,625	-	7,625
At 31 December 2021		60,698,348	6,016,379	66,714,727

Note 11

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit/(Loss) before tax		8,578,617	8,577,979	(982,943)	2,358,644
Adjustments for:					
Depreciation of property, plant and equipment	3	1,769,627	1,857,323	210	564
Dividend income from subsidiaries	15	-	-	-	(2,800,000)
Finance income	16	(276,329)	(169,822)	(103,596)	(132,304)
Loss on disposal of property, plant and equipment	18	139,644	65,334	-	-
Net (gain)/loss on impairment of:					
- financial assets	18	(16,112)	2,000	-	-
- investment in subsidiaries	18	-	-	139,993	193,273
Prepayments written off	18	311,347	-	-	-
Net unrealised foreign exchange loss/(gain)		46,648	(115,412)	52,781	-
Operating profit/(loss) before changes in working capital		10,553,442	10,217,402	(893,555)	(379,823)
Changes in working capital:					
Inventories		(4,205,786)	2,497,179	-	-
Trade and other payables		(331,543)	1,108,640	(29,949)	(3,448)
Trade and other receivables, prepayments and other assets		(5,583,641)	2,266,905	(353,481)	275,917
Contract liabilities		1,730,680	165,680	-	-
Cash generated from/(used in) operations		2,163,152	16,255,806	(1,276,985)	(107,354)
Dividend received		-	-	-	2,800,000
Interest received		276,329	169,822	103,596	132,304
Net income tax paid		(2,616,058)	(1,756,458)	-	-
Net cash (used in)/from operating activities		(176,577)	14,669,170	(1,173,389)	2,824,950

The notes on pages 67 to 108 are an integral part of these financial statements.

Statements of Cash Flows

For the year ended 31 December 2021
(cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(5,979,525)	(652,536)	-	-
Net repayment of capital contributions by subsidiaries	5	-	-	1,426,150	3,265,123
Proceeds from disposal of property, plant and equipment		502,101	173,000	-	-
Net cash (used in)/from investing activities		(5,477,424)	(479,536)	1,426,150	3,265,123
Cash flows from financing activities					
Dividends paid to owners of the Company	21	(3,614,992)	(2,409,995)	(3,614,992)	(2,409,995)
Proceeds from issuance of ordinary shares		7,625	-	7,625	-
Net cash used in financing activities		(3,607,367)	(2,409,995)	(3,607,367)	(2,409,995)
Net (decrease)/increase in cash and cash equivalents		(9,261,368)	11,779,639	(3,354,606)	3,680,078
Cash and cash equivalents at 1 January		25,814,975	14,035,336	8,971,435	5,291,357
Cash and cash equivalents at 31 December	10	16,553,607	25,814,975	5,616,829	8,971,435

Cash outflows for leases as a lessee

Included in net cash (used in)/from operating activities are payments relating to short-term leases of RM375,970 (2020: RM20,000).

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 2021 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 2021 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 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 7 April 2022.

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, interpretations and amendments of the MFRSs 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 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)*

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 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – *Comparative Information*
- 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*
- Amendments to MFRS 112, *Income Taxes* – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendment to MFRS 16, 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 and amendments to MFRS 17 which are 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.

(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.

Notes To The Financial Statements (cont'd)

1. Basis of preparation (Cont'd)

(d) Use of estimates and judgements (Cont'd)

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 3 – measurement of fair value of freehold land
- 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.

(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.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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.

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 assets (Cont'd)

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

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 except for freehold land are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold land is measured at fair value.

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.

Property under the revaluation model

The Group revalues its freehold land every year and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same freehold land. In all other cases, a decrease in carrying amount is recognised in profit or loss. An appropriate amount of the revaluation surplus will be transferred directly to retained earnings as and when the surplus is realised through the depreciation of the revalued freehold lands or when the revalued freehold lands are disposed of.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

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

(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.

(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.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

(i) Definition of a lease (Cont'd)

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.

(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.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and bank balances. The credit risk of cash and bank balances which has not increased significantly since initial recognition are measured at 12-month expected credit loss.

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 estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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 in full) to the extent that there is no realistic prospect of recovery. 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.

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.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(m) Revenue and other income (Cont'd)

(i) Revenue (Cont'd)

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 rights 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.

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.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(n) Income tax (Cont'd)

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	RM	RM	RM	
Cost/Valuation																
At 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/ 1 January 2021		24,832,675	25,501,592	25,468,291	3,689,172	3,241,600	2,072,999	1,981,511	86,787,840							
Additions		-	-	5,267,625	153,828	200,000	103,247	254,825	5,979,525							
Revaluation of properties	19	43,007,325	-	-	-	-	-	-	43,007,325							
Disposals		-	-	(306,600)	-	(804,441)	(15,589)	-	(1,126,630)							
At 31 December 2021		67,840,000	25,501,592	30,429,316	3,843,000	2,637,159	2,160,657	2,236,336	134,648,060							

Notes To The Financial Statements
(cont'd)

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

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	RM	RM		
Depreciation																
At 1 January 2020		-	9,575,385	21,287,999	2,690,677	1,360,335	1,828,379	-	36,742,775							
Depreciation for the year	18	-	506,731	768,558	163,640	274,988	143,406	-	1,857,323							
Disposals		-	-	(348,347)	-	(102,469)	-	-	(450,816)							
At 31 December 2020/ 1 January 2021		-	10,082,116	21,708,210	2,854,317	1,532,854	1,971,785	-	38,149,282							
Depreciation for the year	18	-	506,731	787,199	151,601	260,021	64,075	-	1,769,627							
Disposals		-	-	(78,858)	-	(390,555)	(15,472)	-	(484,885)							
At 31 December 2021		-	10,588,847	22,416,551	3,005,918	1,402,320	2,020,388	-	39,434,024							
Carrying amounts																
At 1 January 2020		24,832,675	15,926,207	4,423,702	978,015	1,948,673	195,432	1,776,975	50,081,679							
At 31 December 2020/ 1 January 2021		24,832,675	15,419,476	3,760,081	834,855	1,708,746	101,214	1,981,511	48,638,558							
At 31 December 2021		67,840,000	14,912,745	8,012,765	837,082	1,234,839	140,269	2,236,336	95,214,036							

Notes To The Financial Statements (cont'd)

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

Company	Note	Office equipment RM
Cost		
At 1 January 2020/31 December 2020/ 1 January 2021/31 December 2021		15,300
Depreciation		
At 1 January 2020		14,526
Depreciation for the year	18	564
At 31 December 2020/1 January 2021		15,090
Depreciation for the year	18	210
At 31 December 2021		15,300
Carrying amounts		
At 1 January 2020		774
At 31 December 2020/1 January 2021		210
At 31 December 2021		-

During the year, the Group changed its accounting policy for freehold land from cost model to a revaluation model (Note 28). The Group's freehold land were revalued in November 2021 by independent professional qualified valuers using sales comparison approach.

Had the revalued freehold land been carried under the cost model, the net carrying amount of the freehold land that would have been included in the financial statements of the Group are as follows:

Group	Freehold land RM
2021	
Cost	24,832,675

Fair value information

The fair value of the freehold land in 2021 was categorised as Level 3 fair value.

Level 3 fair value

Level 3 fair value was estimated using unobservable inputs for freehold land.

Fair values of freehold land had been generally derived using the sales comparison approach. In the sales comparison approach, sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach was price per square foot of comparable properties.

Valuation process applied by the Group for Level 3 fair value

The fair value of freehold land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Notes To The Financial Statements (cont'd)

4. Intangible asset

Group	Goodwill	
	2021 RM	2020 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 (2020: 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% (2020: 11.0%) was applied in determining the recoverable amount. The discount rate was estimated based on the industry weighted average cost of capital.

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) of information.

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

- An increase of 1% (2020: 1%) in the discount rate; and
- A 10% (2020: 10%) decrease in future projected revenue.

5. Investment in subsidiaries

Company	Cost of investment RM	Capital contributions RM	Total RM
Cost			
At 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 2020/1 January 2021	41,557,970	26,158,640	67,716,610
Net repayment of capital contributions	-	(1,426,150)	(1,426,150)
At 31 December 2021	41,557,970	24,732,490	66,290,460

Notes To The Financial Statements (cont'd)

5. Investment in subsidiaries (Cont'd)

Company	Cost of investment RM	Capital contributions RM	Total RM
Impairment losses			
At 1 January 2020	4,568,394	523,358	5,091,752
Impairment loss	-	193,273	193,273
<hr/>			
At 31 December 2020/1 January 2021	4,568,394	716,631	5,285,025
Impairment loss	122,811	17,182	139,993
<hr/>			
At 31 December 2021	4,691,205	733,813	5,425,018
<hr/>			
Carrying amounts			
At 1 January 2020	36,989,576	9,216,696	46,206,272
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At 31 December 2020/1 January 2021	36,989,576	25,442,009	62,431,585
<hr/>			
At 31 December 2021	36,866,765	23,998,677	60,865,442
<hr/>			
	Note 5.1	Note 5.2	

5.1 Details of the subsidiaries are as follows:

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership and voting interest	
			2021 %	2020 %
Finesse Moulding (M) Sdn. Bhd.	Manufacture and sale 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 and sale 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.

Notes To The Financial Statements (cont'd)

6. Inventories

Group	2021 RM	2020 RM
Raw materials and consumables	18,572,030	16,036,725
Work-in-progress	4,952,437	3,681,829
Finished goods	3,651,597	3,251,724
	27,176,064	22,970,278

Inventories recognised as cost of sales in profit or loss during the financial year amounted to RM31,955,854 (2020: RM30,960,386).

Included in raw materials and consumables of the Group are sawn timber inventories amounting to RM12,959,734 (2020: RM12,090,336). The determination of allowance for sawn timber inventories 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 timber; and
- (b) kiln-drying of sawn timber to a permissible moisture content level.

7. Trade and other receivables

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade receivables from contracts with customers	23.4	5,683,897	3,861,962	-	-
Non-trade					
Other receivables and deposits	7.1	3,329,674	573,046	304,860	4,160
		9,013,571	4,435,008	304,860	4,160

7.1 Included in other receivables and deposits are RM1,250,000 (2020: Nil) and RM930,000 (2020: Nil) which relate to deposit paid for the purchase of leasehold industrial land together with a factory erected thereon all under Mukim Bidor (Note 29 (d)) as well as down payment for contract awarded to Pekat Solar Sdn Bhd for design, supply, installation, testing and commissioning of solar panel (Note 29 (e)), respectively.

Notes To The Financial Statements (cont'd)

8. Prepayments

Group	2021 RM	2020 RM
Prepayments	1,319,604	575,349

Prepayments are advance payments made to suppliers.

9. Derivative financial assets

Group	2021		2020	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	12,585,031	39,165	4,372,848	120,225

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	6,314,013	10,738,581	116,474	3,821,894
Highly liquid investments with non-bank financial institutions	10,239,594	15,076,394	5,500,355	5,149,541
	16,553,607	25,814,975	5,616,829	8,971,435

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.

Notes To The Financial Statements (cont'd)

11. Capital and reserves

Share capital

Group and Company	Number of ordinary shares 2021	Amount 2021 RM	Number of ordinary shares 2020	Amount 2020 RM
Ordinary shares, issued and fully paid shares with no par value classified as equity instruments				
At 1 January	120,499,740	60,690,723	120,499,740	60,690,723
Bonus shares issued	120,499,740	-	-	-
Issued via exercise of warrants	12,500	7,625	-	-
At 31 December	241,011,980	60,698,348	120,499,740	60,690,723

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.

Bonus shares and Warrants 2021/2026

On 12 August 2021, the Company issued 120,499,740 new ordinary shares as bonus shares together with 120,499,740 free warrants, on the basis of 1 bonus share together with 1 free warrant for every 1 existing ordinary share held in the Company.

The warrants can be exercised during the exercise period commencing on and including the date of the first issue of the warrants, i.e. 12 August 2021 to 12 August 2026. Each warrant entitles the registered holder the rights at any time during the exercise period to subscribe in cash for 1 new ordinary share of the Company at an exercise price of RM0.61 each.

During the financial year, 12,500 warrants have been exercised where 12,500 new ordinary shares were issued at an exercise price of RM0.61 per ordinary share for a total cash consideration of RM7,625. As at 31 December 2021, there are 120,487,240 warrants which remain unexercised.

Revaluation reserve

The revaluation reserve relates to the revaluation surplus of the Group's freehold land.

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	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Property, plant and equipment	-	-	3,000,076	2,771,938	3,000,076	2,771,938
Revaluation surplus	-	-	4,300,733	-	4,300,733	-
Other temporary differences	-	-	18,585	197,859	18,585	197,859
Tax liabilities	-	-	7,319,394	2,969,797	7,319,394	2,969,797
Set off	-	-	-	-	-	-
Net tax liabilities	-	-	7,319,394	2,969,797	7,319,394	2,969,797

Movement in temporary differences during the year

Group	Note	Property, plant and equipment RM	Revaluation surplus RM	Other temporary differences RM	Total RM
At 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/ 1 January 2021		2,771,938	-	197,859	2,969,797
Recognised in profit or loss	17	228,138	-	(179,274)	48,864
Recognised in other comprehensive income	19	-	4,300,733	-	4,300,733
At 31 December 2021		3,000,076	4,300,733	18,585	7,319,394

13. Trade and other payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade				
Trade payables	1,026,599	1,119,584	-	-
Non-trade				
Other payables and accruals	2,083,097	2,321,655	72,404	102,353
Dividend payable	-	3,614,992	-	3,614,992
	2,083,097	5,936,647	72,404	3,717,345
	3,109,696	7,056,231	72,404	3,717,345

Notes To The Financial Statements (cont'd)

14. Contract liabilities

The contract liabilities primarily relate to 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	2021 RM	2020 RM
Contract liabilities at the beginning of the year recognised as revenue	245,111	78,220
Advances received from customers	1,975,791	245,111

15. Revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers	48,758,474	46,269,209	-	-
Other revenue				
Dividend income from subsidiaries	-	-	-	2,800,000
	48,758,474	46,269,209	-	2,800,000

15.1 Disaggregation of revenue

Group	Reportable segments and major products				Total	
	Wooden picture frame mouldings		Other timber products		2021 RM	2020 RM
	2021 RM	2020 RM	2021 RM	2020 RM		
Primary geographical markets						
North America	35,762,360	29,992,210	-	-	35,762,360	29,992,210
Australia	4,139,287	3,479,899	-	-	4,139,287	3,479,899
Malaysia	449,009	268,846	3,558,006	7,351,445	4,007,015	7,620,291
Other countries	4,849,812	5,176,809	-	-	4,849,812	5,176,809
	45,200,468	38,917,764	3,558,006	7,351,445	48,758,474	46,269,209

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 obligation

The Group applies the exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost	2,552	2,633	-	-
Other finance income	273,777	167,189	103,596	132,304
	<u>276,329</u>	<u>169,822</u>	<u>103,596</u>	<u>132,304</u>

Notes To The Financial Statements (cont'd)

17. Income tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Recognised in profit or loss				
Current tax expense				
Malaysian				
- current year	2,137,918	2,286,531	-	-
- (Over)/Under provision in prior year	(16,171)	25,676	-	-
Total current tax recognised in profit or loss	2,121,747	2,312,207	-	-
Deferred tax expense				
Origination and reversal of temporary differences	237,021	(98,710)	-	-
Over provision in prior year	(188,157)	(8,284)	-	-
Total deferred tax recognised in profit or loss (Note 12)	48,864	(106,994)	-	-
Total income tax expense	2,170,611	2,205,213	-	-
Reconciliation of income tax expense				
Profit/(Loss) before tax	8,578,617	8,577,979	(982,943)	2,358,644
Income tax calculated using Malaysian tax rate at 24%	2,058,868	2,058,715	(235,906)	566,075
Non-deductible expenses	487,819	169,232	260,769	137,678
Tax exempt income	(171,748)	(40,126)	(24,863)	(703,753)
	2,374,939	2,187,821	-	-
(Over)/Under provision in prior year	(204,328)	17,392	-	-
Total income tax expense	2,170,611	2,205,213	-	-

18. Profit/(Loss) for the year

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) for the year is arrived at after charging/ (crediting):				
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

Notes To The Financial Statements (cont'd)

18. Profit/(Loss) for the year (Cont'd)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Material expenses/ (income)					
Depreciation of property, plant and equipment	3	1,769,627	1,857,323	210	564
Dividend income from subsidiaries	15	-	-	-	(2,800,000)
Prepayments written off		311,347	-	-	-
Loss on disposal of property, plant and equipment		139,644	65,334	-	-
Net (gain)/loss on impairment of:					
- financial assets	23.4	(16,112)	2,000	-	-
- investment in subsidiaries		-	-	139,993	193,273
Net losses/(gains) on foreign exchange:					
- unrealised		46,648	(115,412)	52,781	-
- realised		112,234	218,457	-	-
Personnel expenses (including key management personnel):					
- contributions to state plan		800,702	769,203	-	-
- wages, salaries and others		12,504,089	11,502,174	-	-
Expenses arising from leases					
Expenses relating to short-term leases		375,970	20,000	-	-

19. Other comprehensive income

	Before tax RM	Tax expense RM	Net of tax RM
Group			
2021			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of properties	43,007,325	4,300,733	38,706,592
2020			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of properties	-	-	-

Notes To The Financial Statements (cont'd)

20. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2021 RM	2020 RM
Profit for the year attributable to owners of the Company	6,408,006	6,372,766
Group	2021	2020 Restated*
Weighted average number of ordinary shares at 31 December (basic)	241,001,020	240,999,480
Group	2021 Sen	2020 Sen Restated*
Basic earnings per ordinary share	2.66	2.64

* The comparative has been restated to incorporate retrospective adjustment in respect of bonus issuance as disclosed in Note 29(b).

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2021 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2021 RM	2020 RM
Profit for the year attributable to ordinary shareholders	6,408,006	6,372,766
Group	2021	2020 Restated*
Weighted average number of ordinary shares at 31 December (basic)	241,001,020	240,999,480
Effect of warrants on issue	6,764,946	-
Weighted average number of ordinary shares at 31 December (diluted)	247,765,966	240,999,480

Notes To The Financial Statements (cont'd)

20. Earnings per ordinary share (Cont'd)

Diluted earnings per ordinary share (Cont'd)

Group	2021 Sen	2020 Sen Restated*
Diluted earnings per ordinary share	2.59	2.64

The average market value of the Company's shares for purpose of calculating the dilutive effect of warrants was based on quoted market prices for the period during which the warrants were outstanding.

* The comparative has been restated to incorporate retrospective adjustment in respect of bonus issuance as disclosed in Note 29(b).

21. Dividends

Dividends recognised by the Company:

	Sen per ordinary share	Total amount RM
2021		
Nil	-	-
2020		
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

Notes To The Financial Statements (cont'd)

22. 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:

Reportable segment	Principal business activities
Wooden picture frame mouldings	Manufacture and sale of wooden picture frame mouldings
Other timber products	Manufacture and sale 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)

22. Operating segments (Cont'd)

Group	Wooden picture frame mouldings		Other timber products		Property holding		Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Segment profit	5,713,496	4,734,075	128,346	832,419	1,546,502	1,187,654	7,388,344	6,754,148
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	45,200,468	38,917,764	3,558,006	7,351,445	-	-	48,758,474	46,269,209
Inter-segment revenue	-	-	-	-	2,754,708	2,410,370	2,754,708	2,410,370
Depreciation	1,086,217	1,173,496	176,469	176,532	368,755	368,755	1,631,441	1,718,783
Finance income	138,724	22,636	26,582	1,896	4,247	5,336	169,553	29,868
Tax expense	1,707,754	1,556,834	34,005	266,386	467,486	420,627	2,209,245	2,243,847
Segment assets	52,932,057	45,859,344	4,884,424	4,894,761	39,554,124	38,967,349	97,370,605	89,721,454
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	5,724,700	444,801	-	3,200	254,825	204,535	5,979,525	652,536
Segment liabilities	5,963,715	4,154,498	390,969	529,652	1,281,452	1,241,179	7,636,136	5,925,329

Notes To The Financial Statements
(cont'd)

22. 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
2021							
Total reportable segments	7,388,344	48,758,474	1,631,441	169,553	2,209,245	97,370,605	7,636,136
Other non-reportable segments	(1,020,988)	-	138,186	106,776	-	66,985,643	105,558
Effect of revaluation of freehold land of consolidation	-	-	-	-	-	43,007,325	-
Elimination of inter-segment transactions or balances at consolidation	40,650	-	-	-	(38,634)	(56,984,980)	4,734,366
Consolidated total	6,408,006	48,758,474	1,769,627	276,329	2,170,611	150,378,593	12,476,060
2020							
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 at consolidation	(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

Major customers

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

Group	Revenue		Segment
	2021 RM	2020 RM	
Customer A	8,608,447	6,981,436	Wooden picture frame mouldings
Customer B	8,028,065	6,471,826	Wooden picture frame mouldings

Notes To The Financial Statements (cont'd)

23. Financial instruments

23.1 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
2021			
Financial assets			
Group			
Trade and other receivables	9,013,571	9,013,571	-
Derivative financial assets	39,165	-	39,165
Cash and cash equivalents	16,553,607	6,314,013	10,239,594
	25,606,343	15,327,584	10,278,759
Company			
Trade and other receivables	304,860	304,860	-
Cash and cash equivalents	5,616,829	116,474	5,500,355
	5,921,689	421,334	5,500,355
Financial liabilities			
Group			
Trade and other payables	3,109,696	3,109,696	-
Company			
Trade and other payables	72,404	72,404	-
2020			
Financial assets			
Group			
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
Company			
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
2020			
Financial liabilities			
Group			
Trade and other payables	7,056,231	7,056,231	-
Company			
Trade and other payables	3,717,345	3,717,345	-

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net gains on:				
Financial assets at amortised cost	18,684	19,614	-	-
Financial assets at fair value through profit or loss - Mandatorily required by MFRS 9	109,726	45,163	103,596	132,304
	128,410	64,777	103,596	132,304

23.3 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

23.4 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.

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.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in 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.

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Exposure to credit risk, credit quality and collateral (Cont'd)

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 (2020: 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	2021 RM	2020 RM
North America	5,081,803	2,239,765
Malaysia	534,364	1,622,197
Others	67,730	-
	5,683,897	3,861,962

At the reporting date, approximately 71% (2020: 62%) of the Group's trade receivables were due from 3 (2020: 3) major customer located in North America.

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.

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

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
2021			
Not past due	5,378,632	-	5,378,632
Past due less than 30 days	185,820	-	185,820
Past due 31-60 days	111,395	-	111,395
Past due 61-90 days	8,050	-	8,050
Past due more than 90 days	-	-	-
	5,683,897	-	5,683,897
Credit impaired			
Individually impaired	490,503	(490,503)	-
	6,174,400	(490,503)	5,683,897
2020			
Not past due	2,400,327	-	2,400,327
Past due less than 30 days	903,952	-	903,952
Past due 31-60 days	534,393	-	534,393
Past due 61-90 days	17,880	-	17,880
Past due more than 90 days	5,410	-	5,410
	3,861,962	-	3,861,962
Credit impaired			
Individually impaired	506,615	(506,615)	-
	4,368,577	(506,615)	3,861,962

The trade receivables from overseas sales of the Group are collateralised in the form of letter of credit issued by banks.

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

Group	2021 RM	2020 RM
At 1 January	506,615	506,615
Reversal of impairment losses	(16,112)	-
At 31 December	490,503	506,615

23.5 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
2021				
Trade and other payables	3,109,696	-	3,109,696	3,109,696
<i>Derivative financial assets</i>				
Forward exchange contracts (gross settled):				
- Inflow	(39,165)	-	(12,585,031)	(12,585,031)
- Outflow	-	-	12,545,866	12,545,866
	3,070,531		3,070,531	3,070,531

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Group	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Under 1 year RM
2020				
Trade and other payables	7,056,231	-	7,056,231	7,056,231
<i>Derivative financial assets</i>				
Forward exchange contracts (gross settled):				
- Inflow	(120,225)	-	(4,372,848)	(4,372,848)
- Outflow	-	-	4,252,623	4,252,623
	6,936,006		6,936,006	6,936,006
Company				
2021				
Other payables and accruals	72,404	-	72,404	72,404
2020				
Other payables and accruals	3,717,345	-	3,717,345	3,717,345

23.6 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.

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.6 Market risk (Cont'd)

Currency risk (Cont'd)

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	2021 Denominated in			2020 Denominated in		
	USD RM	EUR RM	YEN RM	USD RM	EUR RM	YEN RM
Trade receivables	5,081,803	38,632	-	2,239,765	-	-
Cash and cash equivalents	3,498,445	381,779	585,957	3,949,696	310,392	143
Forward foreign exchange contracts	39,165	-	-	120,225	-	-
Trade payables	(833)	-	-	(38,027)	(250)	-
Net exposure	8,618,580	420,411	585,957	6,271,659	310,142	143

Currency risk sensitivity analysis

A 5% (2020: 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	
	2021 RM	2020 RM
USD	327,506	238,323
EUR	15,976	11,785
YEN	22,266	5

A 5% (2020: 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.

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.7 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.

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	
2021				
Highly liquid investments with non-bank financial institutions	-	10,239,594	-	10,239,594
Forward exchange contracts	-	39,165	-	39,165
	-	10,278,759	-	10,278,759
2020				
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
Company				
2021				
Highly liquid investments with non-bank financial institutions	-	5,500,355	-	5,500,355
2020				
Highly liquid investments with non-bank financial institutions	-	5,149,541	-	5,149,541

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.

Notes To The Financial Statements (cont'd)

23. Financial instruments (Cont'd)

23.7 Fair value information (Cont'd)

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 (2020: no transfer in either direction).

24. Capital commitments

Group	2021 RM	2020 RM
Capital expenditure commitments		
Property, plant and equipment contracted but not provided for in the financial statements	14,032,767	474,545

25. 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.

26. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors				
Fees	114,179	69,000	114,179	69,000
Remuneration	1,289,490	936,888	-	-
Other short-term employee benefits	19,650	9,000	19,650	9,000
	1,423,319	1,014,888	133,829	78,000
Other key management personnel				
Remuneration	535,613	608,461	-	-
	1,958,932	1,623,349	133,829	78,000

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 RM38,997 (2020: RM68,492).

Notes To The Financial Statements (cont'd)

27. 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 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 5, Note 7 and Note 13.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
A. Former holding company				
Dividend paid	-	2,496,657	-	2,496,657
B. Subsidiaries				
Management fees paid	-	-	25,000	25,000
Dividend income	-	-	-	(2,800,000)
Net repayment of capital contributions	-	-	1,426,150	3,265,123

28. Significant changes in accounting policies

During the year, the Group changed its accounting policy with respect to the subsequent measurement of freehold land from cost model to revaluation model, with differences in fair value and carrying amount recognised in other comprehensive income. The Group believes that the revaluation model provides more relevant information about the financial performance of these assets.

The effect of the change from cost model to revaluation model is as follows:

	Note	Freehold land 2021 RM
Carrying amount based on cost model	3	24,832,675
Revaluation surplus	19	43,007,325
Carrying amount based on revaluation model	3	67,840,000

Notes To The Financial Statements (cont'd)

29. Significant events during the financial year

- (a) On 31 March 2021, the Company proposed the following:
- (i) bonus issue of 120,499,740 new ordinary shares as bonus shares together with 120,499,740 free warrants, on the basis of 1 bonus share together with 1 free warrant for every 1 existing ordinary share held by the shareholders of the Company.
 - (ii) 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.
- (b) On 15 July 2021, the Company obtained the approval from shareholders for the proposed bonus issue of 120,499,740 new ordinary shares together with 120,499,740 warrants, on the basis of 1 bonus share together with 1 warrant for every 1 existing ordinary share held on by the shareholders of the Company. Subsequently on 12 August 2021, the Company announced that the bonus issue of shares and warrants has been completed following the listing and quotation for 120,499,740 bonus shares and 120,499,740 warrants on the Main Market of Bursa Securities.
- (c) On 8 October 2021, the Company announced the proposal to undertake a private placement of up to 48,200,100 new ordinary shares, representing not more than 20% of the issued ordinary shares of the Company ("Proposed Private Placement"), at an issue price to be determined and fixed at a later date. Bursa Securities had approved the listing of and quotation for up to 48,200,100 Placement Shares on the Main Market of Bursa Securities on 3 November 2021. As at 31 December 2021, the proposed private placement has yet to be carried out.
- (d) (d) On 20 October 2021, the Company announced that Finesse Moulding (M) Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into a Sale and Purchase Agreement with VE Surpass Frame (M) Sdn. Bhd. for the purchase of a leasehold industrial land together with a factory erected thereon all under Mukim Bidor, Daerah Batang Padang, Negeri Perak for a total purchase price of RM12,500,000. The transaction was completed on 1 April 2022.
- (e) On 21 December 2021, the Company announced that Finesse Moulding (M) Sdn. Bhd., a wholly-owned subsidiary of the Company has awarded a contract to Pekat Solar Sdn Bhd to design, supply, installation, testing and commissioning of 1,053 kilowatt-peak (kWp) self-consumption (SELCO) grid-connected solar panel at Company's factory buildings in Rawang, Selangor for a total contract sum of RM3,100,000.

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 61 to 108 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 2021 and of their financial performance and cash flows for the financial year then ended.

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

.....
Lim Chee Beng
 Director

.....
Vo Nghia Huu
 Director

Petaling Jaya,

Date: 7 April 2022

STATUTORY DECLARATION

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

I, **Lim Chee Beng**, 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 61 to 108 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 Beng, NRIC: 630826-10-7039, at Kuala Lumpur, in the Federal Territory on 7 April 2022.

.....
Lim Chee Beng

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 2021 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 61 to 108.

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 2021, 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

Refer to Note 1(d) – Basis of preparation: Use of estimates and judgements, 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 comprised mainly sawn timber amounting to RM12,959,734 as at 31 December 2021.

The valuation of sawn timber inventories was identified as a key audit matter because of the judgement required to determine the level of inventory write down. 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 obtained an understanding and evaluated the controls associated with monitoring, detecting and writing down/writing off 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 Group and inspected, on a sample basis, the physical conditions of sawn timber inventories to identify physically deteriorated sawn timber inventories.

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 were slow-moving, we evaluated the Group's assessment to write down/write off by assessing their action plan to realise the slow-moving sawn timber inventories and comparing the carrying amounts against their estimated selling price with reference to market price.

We tested the valuation of sawn timber inventories, on a sample basis, by comparing the carrying amount of finished goods, which included sawn timber inventories cost used in the production, against the selling price of finished goods based on sales invoices subsequent to year end.

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

Petaling Jaya, Malaysia

Date: 7 April 2022

Chan Chee Keong
Approval Number: 03175/04/2023 J
Chartered Accountant

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

1. UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

On 3 November 2021, we have obtained the approval for the listing and quotation for up to 48,200,100 private placement shares, subject to further conditions. Hence, as at 31 December 2021, our private placement has yet to be completed and no proceeds has been raised yet.

The private placement as disclosed above should be read in conjunction with the Company's announcements to Bursa Securities dated 8 October 2021, 18 October 2021, 1 November 2021 and 3 November 2021.

2. AUDIT AND NON-AUDIT FEES PAID/PAYABLE TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the External Auditors, namely Messrs. KPMG PLT by our Company and Group respectively were as follows: -

	The Company RM	The Group RM
Audit Fees	50,000	150,000
Non-Audit Fees		
(a) Tax Compliance	5,500	46,300
(b) Statement of Risk Management and Internal Control	10,000	10,000
	65,500	206,300

3. MATERIAL CONTRACTS

On 21 December 2021, our subsidiary, Finesse Moulding (M) Sdn. Bhd., has awarded a contract to Pekat Solar Sdn. Bhd. to design, supply, install, testing and commissioning of 1,053kWp Grid Connected Photovoltaic System using Net Energy Metering. Such contract is entered by the Group to generate its own renewable energy for environmental protection and reducing operating expenditure.

The contract amounted to RM3,100,000 and the agreed scope of work were for the premises known as Lot 9, 11, 12 and 13, Jalan RP 3, Rawang Industrial Estate, Taman Rawang Perdana, 48000 Rawang, Selangor.

Save as disclosed below, none of the Directors, major shareholders and persons connected with the Directors and/or major shareholders of the Company, have any interest, direct or indirect in the contract: -

CSCENIC				
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Ong Choo Meng	36,260,000	15.04	36,000,000 [#]	14.94
Complete Logistic Services Berhad	36,000,000	14.94	-	-

Pekat Group Berhad				
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Ong Choo Meng	-	-	126,575,000 [*]	19.60

Notes: -

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

^{*} Deemed interested by virtue of his shareholding in Hextar Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

The material contract as disclosed above should be read in conjunction with the Company's announcement to Bursa Securities dated 21 December 2021.

4. RECURRENT RELATED PARTY TRANSACTION ("RRPT")

During FYE 2021, there was no RRPT entered which requires shareholders' mandate.

LIST OF PROPERTIES

No.	Title No.	Tenure	Description of property/ Existing use	Land area/ Built-up area (s.q. metre)	Acquisition/ Revaluation Date	Approximate Age of Building	Audited NBV as at 31 December 2021 (RM)
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.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	76,209 / 69,369	25.03.1991 (acquisition) 28.11.2021 (R)	27 years	10,950,090
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.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	76,058 / 65,383	03.01.1992 24.08.1994 (acquisition) 28.11.2021 (R)	24 years	11,080,645
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.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	94,422 / 70,347	19.07.2002 (acquisition) 28.11.2021 (R)	17 years	13,837,644
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.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	98,631 / 106,692	21.04.1999 (acquisition) 28.11.2021 (R)	20 years	15,760,722
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.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding, pallets and stillages	76,478 / 60,500	08.01.1999 (acquisition) 28.11.2021 (R)	21 years	11,312,341
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.	Freehold	Factory complex and warehouse premises for the manufacturing of wooden picture frame moulding	79,739 / 74,261	25.01.2006 (acquisition) 28.11.2021 (R)	14 years	12,271,301

List of Properties (cont'd)

No.	Title No.	Tenure	Description of property/ Existing use	Land area/ Built-up area (s.q. metre)	Acquisition/ Revaluation Date	Approximate Age of Building	Audited NBV as at 31 December 2021 (RM)
7	Lot 2375, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan.	N/A ⁽¹⁾	Factory complex and warehouse for storing of wooden picture frame moulding	23,400 / 22,435	24.9.2002 (approval)	18 years	Nil
8	GM 4833, Lot 1371, Mukim Ulu Yam, Tempat Ulu Kg. Tembayan, Daerah Hulu Selangor, Selangor Darul Ehsan.	Freehold	Vacant land	125,238 / N/A	11.05.2012 (acquisition) 28.11.2021 (R)	N/A	3,500,000
9	GM6281 (formerly known as EMR3236), Lot 1832, Mukim Ulu Yam, Daerah Hulu Selangor, Selangor Darul Ehsan.	Freehold	Vacant land	78,953 / N/A	22.06.2012 (acquisition) 28.11.2021 (R)	N/A	790,000
10	GM4848 (formerly known as EMR3181), Lot 1833, Mukim Ulu Yam, Daerah Hulu Selangor, Selangor Darul Ehsan.	Freehold	Vacant land	95,282 / N/A	22.06.2012 (acquisition) 28.11.2021 (R)	N/A	950,000
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.	Freehold	Warehouse building construction in-progress	39,148 / N/A	26.09.2012 (acquisition) 28.11.2021 (R)	N/A	2,300,000

Notes: -

⁽¹⁾ In progress of seeking Temporary Occupation License renewal, which was expired since 2014.

(R) – The Group changed its accounting policy for freehold land from cost model to revaluation model. The Group's freehold land were revalued on 28 November 2021 by independent professional qualified valuers using sales comparison approach.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

ISSUED SHARES OF THE COMPANY

Total Number of Issued Shares & Class of Shares	:	241,013,980 Ordinary Shares
Number of Shareholders	:	2,509
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	27	1.08	600	0.00
100 - 1,000	344	13.71	119,560	0.05
1,001 - 10,000	1,095	43.64	5,917,280	2.46
10,001 - 100,000	854	34.04	28,387,640	11.78
100,001 to less than 5% of issued shares	187	7.45	134,328,900	55.73
5% and above of issued shares	2	0.08	72,260,000	29.98
Total	2,509	100.00	241,013,980	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	No. of Ordinary Shares		%
		%	Indirect	
Dato' Ong Choo Meng	36,260,000	15.04	36,000,000 [#]	14.94
Complete Logistic Services Berhad	36,000,000	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	
Datuk Iskandar Bin Sarudin	-	-	-	-
Lim Chee Beng	-	-	-	-
Vo Nghia Huu	-	-	-	-
Lim Kim Lee	5,040	[^] 0.00	-	-
Ooi Youk Lan	-	-	-	-
Lew Chong Kiat	-	-	-	-
Teh ZiYang	-	-	-	-

[^] Negligible

Analysis of Shareholdings as at 31 March 2022 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. Complete Logistic Services Berhad	36,000,000	14.94
2. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (Dato')	17,560,000	7.29
3. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (MY3918)	12,000,000	4.98
4. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	11,246,000	4.67
5. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik	7,920,000	3.29
6. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ng Ah Chai (PB)	6,120,000	2.54
7. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng (M01)	5,329,000	2.21
8. Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	4,800,000	1.99
9. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Phum Ang Kia	4,300,000	1.78
10. Lim Kwee Huay	4,272,400	1.77
11. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik (MY2975)	4,000,000	1.66
12. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	4,000,000	1.66
13. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kang Pang Kiang	3,675,000	1.52
14. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Dato' Phum Ang Kia (SMART)	3,639,000	1.51
15. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chen Seng	3,341,500	1.39
16. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Ah Chai	3,000,000	1.24
17. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ooi Peng Cuan (PB)	2,750,000	1.14
18. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	2,700,000	1.12
19. Moh Woon Chiow	2,591,800	1.08
20. Chung Sook Lai	2,440,000	1.01
21. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kai Meng	2,415,600	1.00
22. Chang Fai Ann	2,333,000	0.97
23. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hwa Sing	2,294,300	0.95
24. Ong Ken Sim	2,260,000	0.94
25. Yap Teong Peng	2,000,000	0.83
26. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Yee (MP0558)	1,742,900	0.72
27. Yong Tien Cin	1,730,000	0.72
28. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng	1,716,200	0.71
29. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Phum Ang Kia	1,500,000	0.62
30. Shoptra Jaya (M) Sdn Bhd	1,361,800	0.57
Total	161,038,500	66.82

ANALYSIS OF WARRANTHOLDINGS

AS AT 31 MARCH 2022

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less than 100	34	1.74	768	0.00
100 - 1,000	471	24.09	200,662	0.16
1,001 - 10,000	962	49.21	4,515,430	3.75
10,001 - 100,000	405	20.72	12,228,180	10.15
100,001 to less than 5% of issued warrants	80	4.09	47,437,400	39.37
5% and above of issued warrants	3	0.15	56,102,800	46.57
Total	1,955	100.00	120,485,240	100.00

LIST OF SUBSTANTIAL WARRANTHOLDERS

Name	Direct	No. of Warrants		%
		%	Indirect	
Keh Chuan Seng	19,972,800	16.58	-	-
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' WARRANTHOLDINGS

Name	Direct	No. of Warrants		%
		%	Indirect	
Datuk Iskandar Bin Sarudin	-	-	-	-
Lim Chee Beng	-	-	-	-
Vo Nghia Huu	-	-	-	-
Lim Kim Lee	2,520	[^] 0.00	-	-
Ooi Youk Lan	-	-	-	-
Lew Chong Kiat	-	-	-	-
Teh ZiYang	-	-	-	-

[^] Negligible

Analysis of Warrantholdings as at 31 March 2022 (cont'd)

LIST OF THIRTY LARGEST WARRANTHOLDERS

Name	No. of Warrants Held	%
1. Complete Logistic Services Berhad	18,000,000	14.94
2. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng	10,938,800	9.08
3. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (Dato')	10,130,000	8.41
4. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (MY3918)	6,000,000	4.98
5. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	4,823,000	4.00
6. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Keh Chuan Seng (SMART)	4,703,600	3.90
7. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng (M01)	3,685,400	3.06
8. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ooi Peng Cuan (PB)	3,600,000	2.99
9. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Ah Chai (8103749)	3,260,000	2.71
10. Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	2,400,000	1.99
11. Pang Beng Lye	2,251,300	1.87
12. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Ah Chai	2,200,000	1.83
13. Lim Kwee Huay	2,136,200	1.77
14. Chang Fai Ann	2,128,000	1.77
15. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	2,000,000	1.66
16. Maybank Securities Nominees (Asing) Sdn Bhd Pledged Securities Account for Nonaka Riko	1,635,300	1.36
17. Cheah Joon Keong	1,400,000	1.16
18. Teoh Mei Chen	1,100,000	0.91
19. Soo Yoke Mun	1,021,100	0.85
20. Yap Teong Peng	1,000,000	0.83
21. Ng Hok Kea	920,600	0.76
22. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kai Meng	905,100	0.75
23. Yong Tien Cin	840,000	0.70
24. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Chiau Haw Choon (SMART)	800,000	0.66
25. Chu Kerd Yee	708,700	0.59
26. Ong Ken Sim	684,500	0.57
27. Shoptra Jaya (M) Sdn Bhd	680,900	0.57
28. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Keh Chuan Seng (MP0474)	645,000	0.54
29. Tan Poh Cheok	600,000	0.50
30. Teoh Shing Ju	500,000	0.41
Total	91,697,500	76.12

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) Annual General Meeting ("AGM") of the Company will be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on Wednesday, 15 June 2022 at 10.00 a.m.

AGENDA

Ordinary Business

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon. | Explanatory Note 1 |
| 2. To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM180,000, from 16 June 2022 until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM30,000, from 16 June 2022 until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors who retire pursuant to the Company's Constitution :-
(a) Mr Lim Chee Beng (Clause 97)
(b) Datuk Iskandar Bin Sarudin (Clause 106)
(c) Mr Vo Nghia Huu (Clause 106)
(d) Ms Lim Kim Lee (Clause 106)
(e) Mr Lew Chong Kiat (Clause 106)
(f) Mr Teh ZiYang (Clause 106) | Ordinary Resolution 3
Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6
Ordinary Resolution 7
Ordinary Resolution 8 |
| 5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 9 |

Special Business

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

- | | |
|--|-------------------------------|
| 6. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 | Ordinary Resolution 10 |
|--|-------------------------------|

"THAT subject always to 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 bodies (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 to be issued during the preceding twelve (12) months pursuant to this resolution, does not exceed 20% of the total number of the issued shares (excluding treasury shares) of the Company for the time being 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. ("Proposed 20% General Mandate")

AND THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022 or a later date as allowed by the relevant authorities at that point in time.

Notice of Annual General Meeting (cont'd)

AND THAT with effect from 1 January 2023 or a later date as allowed by the relevant authorities at that point in time, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities provided that the aggregate number of shares to be issued pursuant to this resolution, does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being. ("Proposed General Mandate")

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, or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, unless revoked or varied by an ordinary resolution of the Company at a general meeting, whichever is the earlier."

7. 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

26 April 2022

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 Nineteenth (19th) AGM or any adjournment thereof.
6. Only members whose names appear on the Record of Depositors as at 9 June 2022 ("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.

Notice of 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 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.

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. Ordinary Resolutions 3 to 8 - Re-election of Directors

The Nomination and Remuneration Committee ("NRC") has considered the performance and contribution of each of the retiring Directors and has also assessed the independence of the Independent Non-Executive Directors standing for re-election.

Based on the results of the evaluation on the effectiveness of the Board conducted for the financial year ended 31 December 2021, the retiring Directors were found to possess the required mix of skills, experience and expertise as well as the right business knowledge to contribute towards the growth of the Company, and that the retiring Independent Non-Executive Directors who had all confirmed their independence, have discharged their duties in corporate governance accountability, provided independent, impartial and unbiased views in ensuring the interest of the Company is protected.

The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of all retiring Directors, who had abstained from deliberations and decisions on their respective re-election at the NRC and Board meetings.

The profiles of the retiring Directors are set out in the Profile of the Board of Directors on pages 5 to 7 of this Annual Report.

3. Ordinary Resolution 10 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 10 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.

Bursa Securities had via its letter dated 23 December 2021 granted an extension of the enhanced general mandate, amongst others, listed issuers will have up to 31 December 2022 to issue new securities under Paragraph 6.03 of the Main Market Listing Requirements ("MMLR") of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities. ("20% General Mandate")

This 20% General Mandate may be utilised by the Company to issue new securities until 31 December 2022 and thereafter, the 10% general mandate pursuant to Paragraph 6.03 of the MMLR will be reinstated unless extended by Bursa Securities.

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business (Cont'd)

3. Ordinary Resolution 10 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)

The Board of Directors, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the 20% General Mandate is in the best interests of the Company and its shareholders.

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

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.

STATEMENT ACCOMPANYING NOTICE OF NINETEENTH (19th) AGM

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

1. Directors who are standing for re-election at the 19th AGM

The profiles of the Directors who are standing for re-election at the 19th AGM are set out on pages 5 to 7 of this Annual Report. Details of their interests in the securities of CSCENIC are set out in the Analysis of Shareholdings and Analysis of Warrantholdings on pages 117 and 119, respectively of this Annual Report.

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

Details on the authority to issue and allot shares in CSCENIC pursuant to Sections 75 and 76 of the Companies Act 2016 are provided under the explanatory notes on special business in the Notice of the 19th AGM.



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 Nineteenth (19th) Annual General Meeting of the Company to be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on Wednesday, 15 June 2022 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 to the Non-Executive Directors up to an amount of RM180,000/-, from 16 June 2022 until the conclusion of the next Annual General Meeting	Ordinary Resolution 1		
2.	Approval of Directors' benefits to the Non-Executive Directors up to an amount of RM30,000, from 16 June 2022 until the conclusion of the next Annual General Meeting	Ordinary Resolution 2		
3.	Re-election of Mr Lim Chee Beng as Director (Clause 97)	Ordinary Resolution 3		
4.	Re-election of Datuk Iskandar Bin Sarudin as Director (Clause 106)	Ordinary Resolution 4		
5.	Re-election of Mr Vo Nghia Huu as Director (Clause 106)	Ordinary Resolution 5		
6.	Re-election of Ms Lim Kim Lee as Director (Clause 106)	Ordinary Resolution 6		
7.	Re-election of Mr Lew Chong Kiat as Director (Clause 106)	Ordinary Resolution 7		
8.	Re-election of Mr Teh ZiYang as Director (Clause 106)	Ordinary Resolution 8		
9.	Re-appointment of Messrs KPMG PLT as Auditors	Ordinary Resolution 9		
10.	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 10		

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 Nineteenth (19th) AGM or any adjournment thereof.
- Only members whose names appear on the Record of Depositors as at 9 June 2022 ("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 results of the member's breach of warranty.



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

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