ANNUAL REPORT 2021

誠成集團

K. SENG SENG CORPORATION BERHAD

Company No.: 198501000983 (133427-W)

CONTENTS

CORPORATE STRUCTURE AND OVERVIEW

BOARD OF DIRECTORS

Chang Tian Kwang
Chairman (Re-designated on 11 April 2022)
Independent Non-Executive Director
(Appointed on 31 March 2022)

Koh Seng Lee
Group Managing Director

Koh Yi Hao
Alternate Director to Koh Seng Lee
(Appointed on 3 January 2022)

Tsen Ket Shung @ Kon Shung
Executive Director

Dr Teh Chee Ghee
Independent Non-Executive Director

Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff
Independent Non-Executive Director

Yap Chee Kheng
Non-Independent
Non-Executive Director
(Appointed on 13 August 2021)

Dato' Tin @ Tan Pek-Han
Independent Non-Executive Director
(Appointed on 3 January 2022)

Lee Choon Wan
Chairman, Independent
Non-Executive Director
(Resigned on 31 December 2021)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Dr Teh Chee Ghee

Members
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff
Yap Chee Kheng
(Appointed on 21 February 2022)
Lee Choon Wan
(Resigned on 31 December 2021)

REMUNERATION COMMITTEE

Chairman
Dato' Tin @ Tan Pek-Han
(Appointed on 21 February 2022)
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff
(Redesignated on 21 February 2022)

Members
Dr Teh Chee Ghee
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff
(Redesignated on 21 February 2022)
Lee Choon Wan
(Resigned on 31 December 2021)

NOMINATION COMMITTEE

Chairman
Dr Teh Chee Ghee

Members
Dato' Tin @ Tan Pek-Han
(Appointed on 21 February 2022)
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff
Lee Choon Wan
(Resigned on 31 December 2021)

PRINCIPAL PLACE OF BUSINESS

Lot 3707, Jalan 7/5
Taman Industri Selesa Jaya
43300 Balakong
Selangor Darul Ehsan, Malaysia
Tel : 03-8961 5555
Fax : 03-8962 1111

COMPANY SECRETARIES

Wong Youn Kim
(MAICSA No.: 7018778)
(PC SSM 201908000410)

Chan Min Wai
(MIA No.: 26548)
(PC SSM 202108000131)

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia
Tel : 03-2241 5800
Fax : 03-2282 5022

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South City
No 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKERS

Malayan Banking Berhad
Hong Leong Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad

AUDITORS

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) &
Chartered Accountants (AF0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia
Website: www.bakertilly.my
Tel : 03-2297 1000
Fax : 03-2282 9980

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

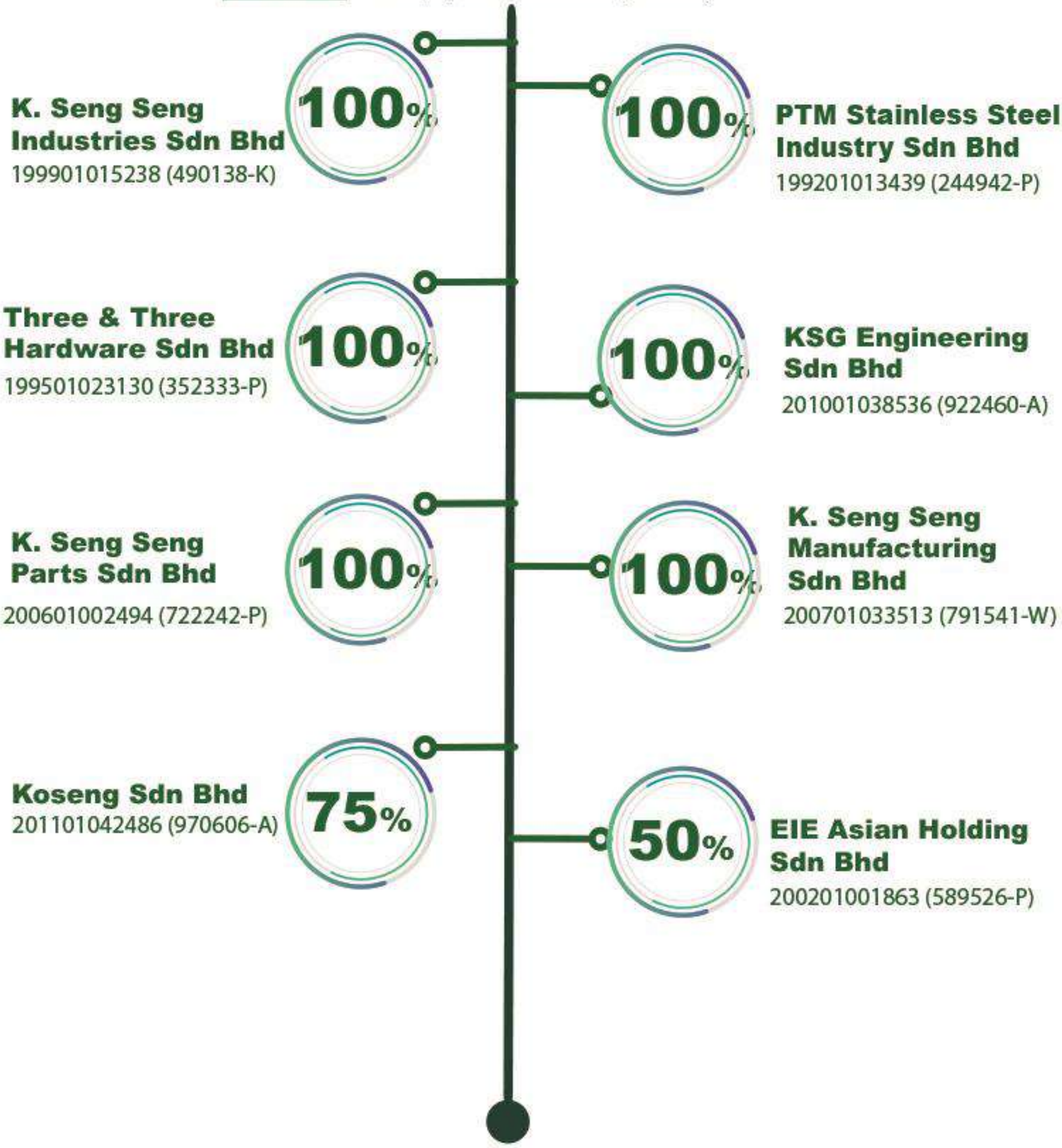
STOCK NAME: KSSC
STOCK CODE: 5192

WEBSITE

www.kssc.com.my

CORPORATE STRUCTURE

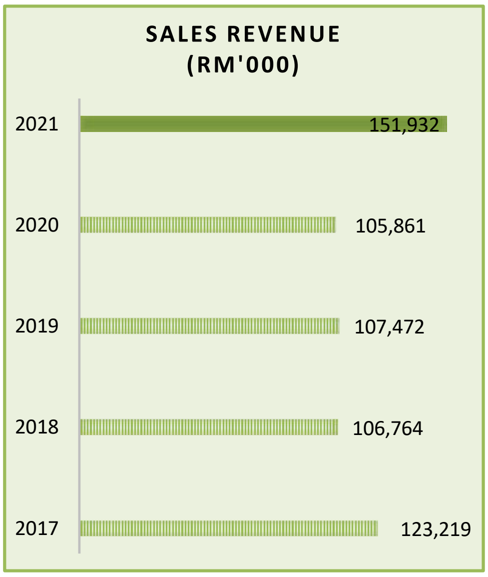
誠成集團
K. SENG SENG CORPORATION BERHAD
Company No.: 198501000983 (133427-W)

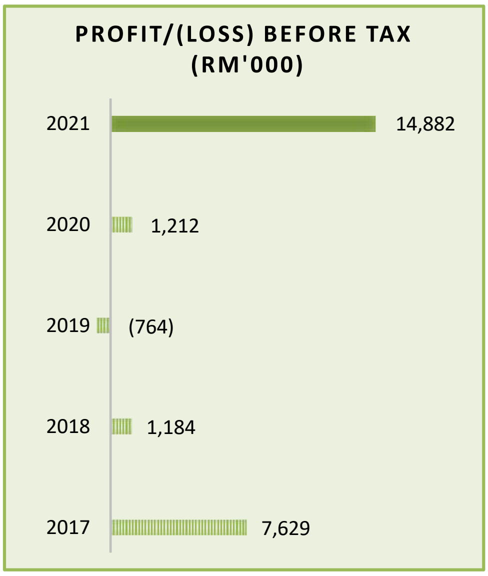


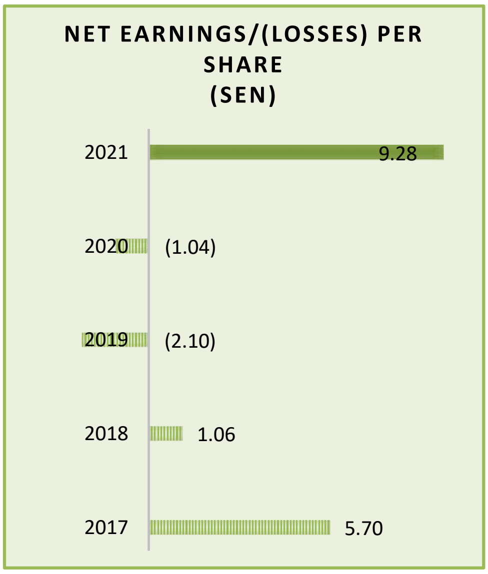
5-YEAR FINANCIAL HIGHLIGHTS

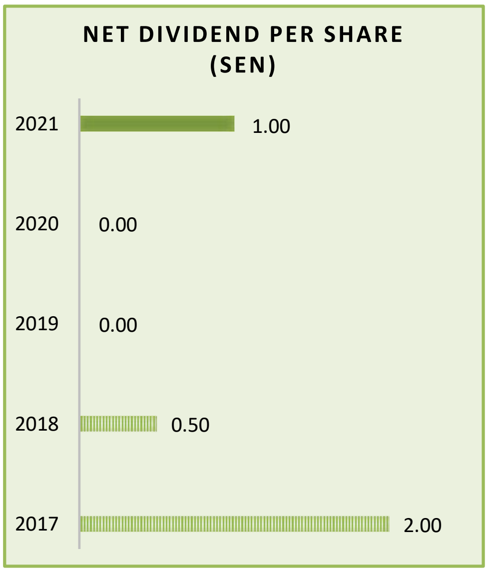
	2017	2018	2019	2020	2021
Sales Revenue (RM'000)	123,219	106,764	107,472	105,861	151,932
Profit/(Loss) Before Tax (RM'000)	7,629	1,184	(764)	1,212	14,882
Profit/(Loss) After Tax (RM'000)	5,696	1,036	(1,936)	(751)	11,022
Earnings before interest, taxes, depreciation and amortisation (EBITA) (RM'000)	10,762	4,350	3,013	4,710	19,299
Number of shares in issue ('000)	96,000	96,000	96,000	103,950	115,200
Total Equity attributable to owners of the Company (RM'000)	80,573	79,671	77,358	80,972	96,133
Net Earnings/(Losses) Per Share (Sen)	5.70	1.06	(2.10)	(1.04)	9.28
Net Dividend Per Share (Sen)	2.00	0.50	0.00	0.00	1.00
Net Assets Per Share (RM)	0.85	0.84	0.82	0.86	0.83
Return on Equity (%)	7%	1%	(3%)	(1%)	11%
Return on Assets (%)	4%	1%	(2%)	(1%)	6%
Gearing (times)	0.38	0.42	0.34	0.46	0.59

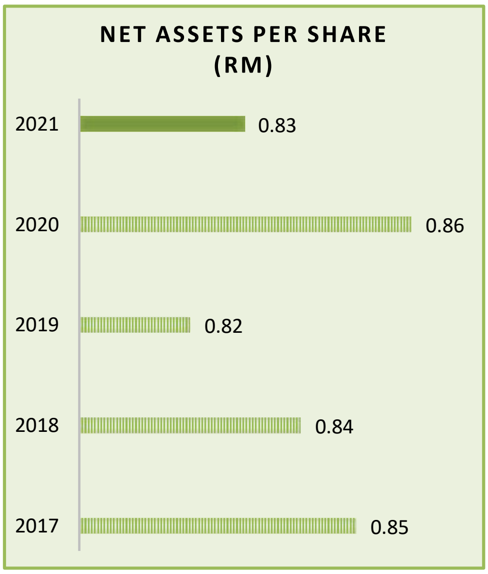
5-YEAR FINANCIAL HIGHLIGHTS (continued)











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MANAGEMENT OVERVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

As the world stepped into the second year of the Covid-19 pandemic, we, together with the Government and most business enterprises, were better prepared to face the economic uncertainty caused by the pandemic. Amidst the economic uncertainty, supply chain disruption, rising prices of commodities, and travel restrictions, the International Monetary Fund (IMF) estimated the world economy growth at 5.9% in 2021 compared to a contraction of 4.9% in 2020 *(source: IMF World Economic Outlook Update, October 2021, https://www.imf.org/en/publications/weo).*

As we strive to balance the safety and well-being of our shareholders, stakeholders, and community, the Group, is contended to operate within the "new normal" and in compliance with the Standard Operating Procedures (SOP) stipulated by the relevant authorities and the Government. It included by allowing our employees to work remotely from home to holding online meetings, including our Board of directors' meeting and also the Annual General Meeting.

The National Recovery Plan was put in place to address the resurgence of COVID-19 cases, and as an exit strategy from the crisis toward normalising the economy. This, together with the successful National COVID-19 Immunisation Programme, has put our country back on the course of recovery. Accordingly, the statistics by Bank Negara Malaysia have reported an increased of 3.1% in the Malaysia's gross domestic product in 2021 versus a negative of 5.6% in 2020 *(source: BNM Quarterly Bulletin 4Q 2021, https://www.bnm.gov.my/-/quarterly-bulletin-4q-2021)*. Overall, the Group is pleased to announce an improvement of its financial performance in financial year ended ("FYE") 31 December 2021 ("FYE 2021") as compared to FYE 31 December 2020 ("FYE 2020"). They are summarised as follows:

FINANCIAL PERFORMANCE OVERVIEW

	FYE 2021 RM'000	FYE 2020 RM'000
Revenue	151,932	105,861
Profit from Operations	**16,316**	**2,292**
Profit Before Tax	14,882	1,212
Profit/(Loss) After Tax	**11,022**	**(751)**
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	10,667	(998)

For FYE 2021, the Group achieved a revenue of RM151.93 million, representing an increase of RM46.07 million or 43.5% compared to RM105.86 million in the previous financial year. The revenue growth was driven by higher sales from the Stainless Steel and Metal Related segment due to the increase in average selling price and higher tonnage of sales. In 2021, we grew our market outreach and expanded our customer base in tandem with better demand for our products.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

FINANCIAL PERFORMANCE OVERVIEW (continued)

The Group's profit before tax ("PBT) grew by RM13.67 million to RM14.88 million as compared to RM1.21 million in the previous financial year. The increase is mainly due to higher revenue and improvement in the profit margin of our products.

Segment	Revenue		Gross Profit	
	FYE 2021 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2020 (RM'000)
Stainless Steel and Metal Related Products	**100,392**	**58,603**	**27,028**	**9,321**
Marine Hardware and Consumables	**24,000**	**24,918**	**5,429**	**5,075**
Engineering Works	**18,591**	**10,018**	**289**	**1,610**
Other Industrial Hardware	**8,919**	**12,304**	**3,789**	**3,058**
Investment Holding	**30**	**18**	**661**	**18**
Total	**151,932**	**105,861**	**37,196**	**19,082**

The Stainless Steel and Metal Related Products segment continues to lead in its contribution towards the Group's revenue RM100.39 million, representing 66.08% (2020: 55.36%), followed by Marine Hardware and Consumables segment 15.80% (2020: 23.54%), Engineering segment 12.24% (2020: 9.46%), Other Industrial Hardware segment 5.87% (2020: 11.62%) and lastly the Investment Holding segment 0.01% (2020: 0.02%).

Geographically, our domestic market remains the major contributor to the Group's revenue. The Group derived 97.60% (2020: 93.37%) of its total revenue from Malaysia, 1.99% (2020: 4.62%) from countries within Asia, and 0.41% (2020: 2.01%) from Europe.

FINANCIAL POSITION AND LIQUIDITY OVERVIEW

	FYE 2021 RM'000	FYE 2020 RM'000
Total Assets	178,376	143,249
Total Liabilities	**80,347**	**60,735**
Total Equity attributable to Shareholders	96,133	80,972
Total Borrowings	**56,988**	**37,210**
Cash and Bank balances	16,878	22,444
Net Asset per Share (sen)	**83**	**78**
Basic Earnings per Share (sen)	9.28	(1.04)
Gearing Ratio (times)	**0.59**	**0.46**

FINANCIAL POSITION AND LIQUIDITY OVERVIEW (continued)

Total equity attributable to shareholders grew from RM80.97 million as at 31 December 2020 to RM96.13 million as at 31 December 2021 due to the increase in profits, issuance of 11,250,000 ordinary shares pursuant to the private placement at an average issue price of RM0.50 per share, amounted to RM5.65 million but was offset by the dividend of RM1.15 million paid to the shareholders during the year. Net Asset (NA) per share increased by 5 sen to 83 sen for FYE 2021 from 78 sen per share for FYE 2020. Earnings per share improved from a loss of 1.04 sen in FYE 2020 to 9.28 sen in FYE 2021.

Total assets increased by RM35.13 million mainly due to an increase in inventories of RM17.12 million, trade and other receivables of RM21.97 million, and a decrease in cash and bank balances by RM5.57 million. As at 31 December 2021, the Group's trade and other receivables and inventories stood at RM68.77 million (2020: RM46.80 million) and RM70.79 million (2020: RM53.67 million) respectively, after making an allowance for impairment on trade receivables and slow-moving inventories.

Total liabilities increased by RM19.61 million mainly due to an increase in trade and other payables of RM5.92 million, bank borrowings of RM19.78 million, and a decrease in contract liabilities of RM7.50 million. As at 31 December 2021, the Group's trade and other payables and contract liabilities stood at RM19.61 million (2020: RM13.69 million) and RM2 million (2020: RM9.51 million) respectively. The increase in the total liabilities was in tandem with the increase in total assets.

The Group recorded a negative net cash used in operating activities of RM24.43 million, net cash from financing activities of RM19.41 million, and net cash used in investing activities of RM2.06 million in FYE 2021, as compared to net cash from operating activities of RM2.04 million, net cash from financing activities of RM12.68 million and net cash used in investing activities of RM0.91 million in FYE 2020. Overall, the cash and cash equivalents decreased by RM7.07 million to RM13.87 million in FYE 2021 from RM20.94 million in FYE 2020.

The bank borrowings increased by RM19.78 million to RM56.99 million (2020: RM37.21 million), and therefore the Group's gearing ratio increased moderately to 0.59 times in FYE 2021 from 0.46 times in FYE 2020. The increase in borrowings is mainly to support business expansion and an increase in revenue.

ANTICIPATED OR KNOWN RISKS

Operation, competition and business risks

The Group operating segments constantly face generic business risks due to intense competition over costing and pricing, labour and material shortages and fluctuation of market demand which may impact our cost and bottom line. The risk of fluctuation of raw material prices will continue to pose challenges to the operation. The risks are monitored and strategic strategies are implemented to minimise the impact.

Political, economic and regulatory risks

The Group could also be affected by the global economic uncertainty, supply chain disruption and geopolitical events such as trade tension and wars which may affect the supply for raw materials which may increases our procurement costs and delay. The shifts in the global and local political landscape may also bring about changes in policies and regulations, which may drive higher operating and compliance costs.

Foreign exchange risk

The stainless steel and metal related segment is exposed to foreign exchange fluctuation risk as the transactions is primarily in the United States Dollars ("USD"). The USD/RM rate is the Group's currency risk as our exposure to other currencies is negligible.

Credit risk

The uncertainties in the global economy may be amongst the key factors causing delinquency from our customers. As of the end of FYE 2021, the Group's trade receivable aging profile remains healthy as less than 10% of our trade receivables were provided for as doubtful debts. Management will continue to be vigilant over our credit risk and constantly monitoring the outstanding trade receivables and take appropriate timely actions to mitigate the risk of bad debts.

CORPORATE PROPOSALS

On 10 March 2022, the Company proposed to undertake the following: -

(i) A bonus issue of up to 14,400,000 new ordinary shares in KSSC ("Bonus Share(s)") on the basis of 1 Bonus Share for every 8 ordinary shares held in KSSC ("KSSC Share(s) or "Share(s)") on an entitlement date to be determined and announced later ("Entitlement Date")("Proposed Bonus Issue of Shares");

(ii) A bonus issue of up to 43,200,000 free warrants ("Warrant(s)") on the basis of 1 Warrant for every 3 Shares held on the Entitlement Date after the Proposed Bonus Issue of Shares ("Proposed Bonus Issue of Warrants"); and

(iii) Establishment of an employees' share option scheme (the "ESOS Scheme") involving up to 15% of the total number of issued shares (excluding treasury shares of KSSC, if any) at any point of time during the duration of the ESOS Scheme, for the eligible directors and employees of KSSC and its subsidiaries, which are not dormant and who fulfil the eligibility criteria for participation in the ESOS Scheme as set out in the ESOS by-laws ("Proposed ESOS").

(Collectively, the "Proposals")

The application pursuant to the Proposals was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 March 2022. The Proposals are subjected to approvals by Bursa Securities and the shareholders in the forthcoming Extraordinary General Meeting ("EGM"). Save for the Proposed ESOS which the Board is entitled to participate and as such deemed interested; having considered all the aspects of the Proposals which include, but are not limited to, the basis, the rationale, and the pro forma effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board recommends that the shareholders vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

DIVIDENDS

The Group has adopted a Dividend Policy of 40% of its Distributable Profit. It has been distributing dividends since listing until FYE 2018. The challenging business environment ahead means that the Group must conserve cash for the working capital requirement. In line with the Group's financial performance and as a recognition for the continuous support of our shareholders, the Group has declared and paid an interim dividend of 1 sen for the FYE 2021 on 24 September 2021.

The Board believes that with the interim dividend, together with the corporate proposals will provide an adequate balance between rewarding the shareholders and investors with appropriate returns while retaining sufficient cash flows to sustain and grow the business.

The Group will not be distributing a final dividend for FYE 2021.

OUTLOOK AND PROSPECT

The global economy growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022 *(source: IMF World Economic Outlook Update, January 2022, https://www.imf.org/en/publications/weo).* Against the challenging Covid-19 pandemic backdrop, the uneasy ripple effects of the United States-China trade disputes, the Russian-Ukraine war, and the deepening climate crisis – all these geo-political and socio-economic complexities have undoubtedly created challenges and uncertainties to the business community.

With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to grow between 5.3% and 6.3% in 2022 *(source: BNM Economic and Monetary Review 2021 https://www.bnm.gov.my/-/ar2021_en_pr)*. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand.

In the race to deliver the Covid-19 vaccines and to inoculate the population to battle the resurgence of the infections in Malaysia, there is an optimism that our economy will get better, albeit slowly. Given that the current uncertainties, the Group believes that the stainless steel industry outlook in 2022 remains challenging. The stainless steel industry is faced with the geo-political and economic concerns which affect the nickel prices, raw material, fuel costs and stainless steel prices. Further, the emergence of new COVID-19 variants, such as the Omicron variant, may be disruptive to the economic recovery of Malaysia, particularly disruption of production and supply chain in the electrical and electronic and automotive sectors. These are the growth drivers for the stainless steel industry.

The Group will continue to adopt prudent measures in managing our cash flows and all risk factors identified to enhance our resilient to overcome the challenges.

Against these backdrops, the Board is cautiously optimistic with the prospect of our Group in 2022.

DIRECTORS' PROFILE

CHANG TIAN KWANG
Chairman - Independent Non-Executive Director
57 years old

Mr Chang was appointed to the Board on 31 March 2022 as an Independent Non-Executive Director. He was re-designated to Chairman of the Board on 11 April 2022.

He graduated from University of Malaya with a Bachelor of Accounting. He is a member of the Malaysian Institute of Accountants (MIA).

He has around twenty-seven (27) years of working experience in corporate finance, finance and accounting. He joined V.S. Industry Sdn Bhd in September 1994 and oversaw the listing process of V.S. Industry Berhad in Malaysia and V.S. International Group Limited in Hong Kong. Mr Chang was appointed to the Board of directors of V.S. Industry Berhad as an Alternate Director in November 2000. He then left V.S. Industry Berhad in August 2014. He does not have any other occupation subsequent to leaving V.S. Industry Berhad.

He is currently the Independent Non-Executive Director of AME Elite Consortium Berhad.

KOH SENG LEE
Group Managing Director
60 years old

Mr Koh was appointed to the Board on 26 May 1986. He was re-designated to Group Managing Director on 21 May 2019. He is not a member of any Board Committee.

He brings with him more than thirty (30) years of experience in the trading of steel industrial products, marine hardware and consumables, industrial hardware as well as the manufacturing and processing of secondary stainless-steel products. He is currently responsible for the overall operations of the Group, overseeing day-to-day manufacturing, processing, trading operations as well as the sales and marketing activities of the Group.

He does not hold any directorship in any other public listed company.

TSEN KET SHUNG @ KON SHUNG

Executive Director

51 years old

Mr Tsen was appointed to the Board on 19 June 2009. He is a Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA), and a Fellow of the Association of Chartered Certified Accountants (FCCA). He is not a member of any Board Committee.

He is currently responsible for overseeing the Engineering Works segment and the fabrication and installation of the glove dipping lines.

He does not hold any directorship in any other public listed company.

DR TEH CHEE GHEE

Independent Non-Executive Director

55 years old

Dr Teh was appointed to the Board on 4 January 2021 as an Independent Non-Executive Director. He is also appointed as the Chairman of both the Audit and Risk Management Committee and Nomination Committee and is a member of the Remuneration Committee.

He was an academician attached to Monash University Malaysia as a Senior Lecturer at the School of Business. He holds a Doctor of Philosophy (Ph.D.) degree in Credit Management, Master of Business Administration (MBA), and the Accounting degree, all from the University of Malaya. He is a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA). He is also a fellow of the Chartered Association of Certified Accountants (ACCA), UK, and the Chartered Taxation Institute of Malaysia (CTIM).

He has more than thirty (30) years of working experience in finance, accounting, auditing, corporate management, strategic planning, and operations.

He is currently the Chief Operating Officer of Engtex Group Berhad, the Independent Non-Executive Chairman of Orgabio Holdings Berhad and an Independent Non-Executive Director of ACO Group Berhad and LGMS Berhad.

TUAN HAJI ZAINAL RASHID BIN HAJI MOHD EUSOFF

Independent Non-Executive Director

81 years old

Tuan Haji Zainal Rashid was appointed to the Board on 24 March 2010. He is a member of the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee.

He has more than thirty (30) years of experience working with the Royal Malaysian Customs Department ("RMCD") where he held various positions within the Department. He held the position of Senior Assistant Director in RMCD before his retirement in 1996.

He does not hold any directorship in any other public listed company.

YAP CHEE KHENG

Non-Independent Non-Executive Director

49 years old

Mr. Yap was appointed to the Board on 13 August 2021 as a Non-Independent Non-Executive Director. He is also a member of the Audit and Risk Management Committee.

He graduated with a Bachelor of Business from the University of Southern Queensland, Australia, and he is the titleholder of the Chartered Financial Analyst (CFA) since 1999 from the CFA Institute (formerly known as the Association for Investment Management & Research (AIMR)).

He has over twenty-six (26) years of banking, financial consulting experience, business turnaround and he is also now running a fast-moving consumable goods (FMCG) business.

Mr. Yap is currently the Managing Director of PNL Business Services Sdn Bhd & Tian An Trading Sdn Bhd.

He does not hold any directorship in any other public listed company.

DATO' TIN @ TAN PEK-HAN
Independent Non-Executive Director
45 years old

Dato' Tan was appointed to the Board on 3 January 2022 as an Independent Non-Executive Director. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee.

He completed his American Degree Program (ADP) in 1996 with a Bachelor of Science in Chemical Engineering with HELP Institute and the University of Michigan (USA).

He worked as an engineer for fifteen (15) years and in 2011, he assisted in the family business, which involved in logging, property development, investment holding and has acquired a strong network of contacts and knowledge in his industry.

He does not hold any directorship in any other public listed company.

KOH YI HAO
Alternate Director to Koh Seng Lee
26 years old

Mr Koh Yi Hao was appointed to the Board as an alternate director to Mr Koh Seng Lee on 3 January 2022. He graduated from the University of Melbourne, Australia with a Bachelor of Commerce, majoring in Accounting and Finance in 2018. He is a member of the Certified Practising Accountant (CPA) Australia.

He commenced his career at KPMG Deal Advisory, Corporate Restructuring. He then joined the Group as a management trainee in 2019 and was subsequently re-positioned as Personal Assistant to Group Managing Director in the year 2020.

Currently, he is the executive director of Stainless Steel and Metal Related Products Segment, responsible for the sales strategy as well as overseeing sales activities to drive the business performance.

He does not hold any directorship in any other public listed company.

DIRECTORS' PROFILE (continued)

Other information:

1. **Family Relationship with any Director and/or Substantial Shareholder**

   Mr Koh Seng Lee is the brother of the late major shareholder, Mr Koh Seng Kar @ Koh Hai Sew.

   Mr Koh Yi Hao is the son of Mr Koh Seng Lee.

   Save for the above, there is no family relationship between the Directors with any Director and/or Substantial Shareholders of the Company.

2. **Directors' Shareholdings**

   Details of the Directors' Shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.

3. **Conflict of Interest with the Group**

   None of the other directors of the Company have any conflict of interest with the Group.

4. **Convictions for Offences**

   None of the Directors of the Company have been convicted of any offenses within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

5. **Number of Board Meeting Attended**

   Details of the Board meeting attendance of each director are disclosed in the Corporate Governance Overview Statements in the Annual Report.

KEY SENIOR MANAGEMENTS' PROFILE

DR LIM PANG KIAM
Group Chief Executive Officer
59 years old

Academic/Professional Qualification:

- ASEAN Chartered Professional Accountants (ASEAN CPA)
- Malaysian Institute of Accountants (MIA)
- Chartered Institute Management Accountants (CIMA), United Kingdom (Fellow Member)
- Chartered Global Management Accountants (CGMA), Association of International Certified Professional Accountants
- Certified Risk Professional, Bank Administrative Institute for Certification (BAI), United States of America
- Certified Financial Planner, Federation of Financial Planners Malaysia
- Asian Institute of Chartered Bankers (AICB)
- Doctor of Philosophy in Business Administration, SEGi University Malaysia
- Master of Science in Planning, Universiti Sains Malaysia
- Bachelor of Science (Honours) in Housing, Building, and Planning, Universiti Sains Malaysia

Present Directorship:
Listed entities:

- Inta Bina Group Berhad (Independent Non-Executive Chairman)
- Engtex Group Berhad (Independent Non-Executive Chairman)
- SDS Group Berhad (Independent Non-Executive Chairman)
- Lagenda Properties Berhad (Independent Non-Executive Director)

Working Experience:

- He was in the banking industry for over 15 years, holding various senior positions, including banking operation, commercial and corporate, and investment banking.
- He became a business owner since 2004. He held several executive and non-executive directorships in public and private enterprises in Malaysia.
- He is actively involved in NGO, serving as a Director and Council Member at the Tung Shin Hospital, Kuala Lumpur.

Interests in the Company: 8,352,900 ordinary shares

Appointment to the Current Position: 3 January 2022

CHAN MIN WAI
Chief Financial Officer and Joint Company Secretary
48 years old

Academic/Professional Qualification:
- Malaysian Institute of Accountants (MIA)
- Chartered Association of Certified Accountants (ACCA), United Kingdom

Present Directorship:
Listed entity: Nil

Working Experience:
- He had more than 20 years of working experience in audits of small and medium-sized companies and public listed companies, and reporting accountants for various corporate exercises, including initial public offering, reverse takeover, acquisitions, and disposals of assets or companies, funds raising, and financial due diligence review, investigation audits.
- He worked with Ernst & Young Malaysia, KPMG Vietnam, and Baker Tilly Monteiro Heng prior to joining the Company.

Appointment to the Current Position: 12 November 2020

EILEEN YEOH SOO CHIN
Chief Financial Controller
46 years old

Academic/Professional Qualification:
- Malaysian Institute of Accountants (MIA)
- Chartered Association of Certified Accountants (ACCA), United Kingdom (Fellow Member)
- Certificate of Goods and Services Tax (GST) from the Royal Malaysian Customs Department

Present Directorship:
Listed entity: Nil

Working Experience:
- She had more than 20 years of working experience in accounting, audit, treasury, and corporate finance specializing in project financing, debt capital raising, corporate and debt restructuring, and treasury cash management.
- She started her career with Moore Stephens and held various senior positions in other listed companies in Malaysia which were involved in the construction, steel industry, and property development in Malaysia.

Appointment to the Current Position: 3 January 2022

KEY SENIOR MANAGEMENTS' PROFILE (continued)

CHIA AI PENG
Director
50 years old

Academic/Professional Qualification:
- Primary education at Sekolah Jenis Kebangsaan (C) Hwa Lien, Klang, Selangor

Present Directorship:
Listed entity: Nil

Working Experience:
- He had 30 years of experience in the trading of marine hardware and consumables and steel industrial hardware.
- He is the Executive Director of Koseng Sdn Bhd and oversees the Marine Hardware and Consumables segment's day-to-day operations, sales activities as well as business planning and development.

Appointment to the Current Position: 24 September 2012

CHI ON KANG
Director
61 years old

Academic/Professional Qualification:
- Bachelor of Arts in Political Study, Lakehead University, Canada

Present Directorship:
Listed entity: Nil

Working Experience:
- He had more than 30 years of experience working with various banks as a branch and regional manager, responsible for managing business development activities and building business relationships.
- He was the Head of Corporate Planning and Marketing of SDS Group Berhad prior to joining the Company as the Head of Business Development.
- Currently, he is the Executive Director for PTM Stainless Steel Industry Sdn Bhd and Three and Three Hardware Sdn Bhd.

Appointment to the Current Position: 1 November 2021

KEY SENIOR MANAGEMENTS' PROFILE (continued)

Other information:

1. **Family Relationship with any Director and/or Substantial Shareholder**

   There is no family relationship between the Key Senior Management with any Director and/or Substantial Shareholders of the Company.

2. **Conflict of Interest with the Group**

   None of the Key Senior Management of the Company has any conflict of interest with the Group.

3. **Convictions for Offences**

   None of the Key Senior Management of the Company has been convicted of any offenses within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

03

SUSTAINABILITY AND GOVERNANCE

Corporate Governance Overview Statement
Audit and Risk Management Committee Report
Statement on Risk Management and Internal Control
Additional Compliance Information
Sustainability Statement

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of **K. SENG SENG CORPORATION BERHAD** ("the Company") recognises the importance of practicing and maintaining good corporate governance throughout the Company and its subsidiaries ("the Group"). It is to ensure a sustainable business and the enhancement of shareholders' value.

The Board believes that good corporate governance practices are pivotal towards enhancing business prosperity and corporate accountability. The ultimate objective of realising shareholder value by considering the interest of all stakeholders. Hence, the Board is dedicated to continuously appraise the Group's Corporate Governance Practices ("Practices") to ensure the principles and the recommended guidelines are applied and adhered to in the best interests of the stakeholders, as best as possible.

The statement sets out how the Group has applied the three (3) principles prescribed in the Malaysian Code on Corporate Governance 2021 ("MCCG") and the extent to which it has been complied with, with departure from it adequately explained.

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.

The Corporate Governance Overview Statement should be read together with the Company's Corporate Governance Report for the FYE 2021, which is available on Bursa Securities at http://www.bursamalaysia.com. The Corporate Governance Report disclosed to what extent the Company has applied the Practices set out in the MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

1.1 **Company's Strategic Aims, Values and Standards**

The Board takes full responsibility for the oversight and overall performance of the Group. It provides leadership within a framework of prudent and effective controls, enabling risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility of leading and directing the Group towards achieving its strategic goals and realizing long-term shareholders' values.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.1 **Company's Strategic Aims, Values and Standards (continued)**

The Board has assumed the following principal responsibilities in discharging its fiduciary duties:

(i) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;

(ii) Overseeing the conduct of the Group's businesses and evaluating whether or not its businesses are being properly managed;

(iii) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;

(iv) Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;

(v) Reviewing the adequacy and integrity of the Group's internal control and management information systems;

(vi) Carrying out a periodic review of the Group's financial performance and operating results and major capital commitments; and

(vii) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees:-

(a) Audit and Risk Management Committee ("ARMC")

(b) Nomination Committee ("NC")

(c) Remuneration Committee ("RC")

All committees are guided by its terms of reference. These Committees are formed to enhance business and operational efficiency as well as proper governance. The Chairman of the respective Committees will report to the Board on the outcome of the Committees meetings for the Board's consideration and approvals. The extracts of such reports are incorporated in the minutes of the Board meetings.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.2 **Roles and Responsibilities of Chairman**

The Chairman is responsible for the leadership of the Board. He leads the Board for the adequate performance of its responsibilities, particularly, discussions on all proposals put forward by Management. The Chairman's role is also to ensure effective communication with the shareholders and to chair the Board and General Meetings.

1.3 **Roles and Responsibilities of Group Managing Director**

The Group Managing Director is responsible for the day-to-day management of the Company and leading the Executive Directors and Senior Management in carrying out their responsibilities. He ensures all relevant issues and quality information are provided to facilitate decision making, and effective running of the Group's business.

The Board delegates to the Group Managing Director, the authority and responsibility for implementing the Board policies, strategies and decisions adopted by the Board. The Group Managing Director takes on primary responsibility to spearhead and manage the overall business activities of the various business divisions of the Group. The Group Managing Director is assisted by senior key management and heads of each division in implementing and running the Group's day-to-day business operations.

The presence of the Independent Directors fulfils a pivotal role of corporate accountability. They provide unbiased and independent advice, alternative viewpoints, challenge perceptions and judgement to take account of the interest of the Group, shareholders, employees, and any party with whom the Group conducts businesses with.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.4 **<u>Separation of Position of the Group Managing Director</u>**

The Company separates the roles between the Chairman and the Group Managing Director.

The roles of the Chairman and Group Managing Director are set out in the Board Charter, which is available for reference at www.kssc.com.my. The Board Charter was last reviewed and adopted on 5 May 2021.

1.5 **<u>Qualified and Competent Company Secretary</u>**

The Board is supported by 2 qualified Company Secretaries who will facilitate the overall compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Securities. Ms Wong Youn Kim is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators, and Mr Chan Min Wai is a member of the MIA.

The Company Secretary carries out the following tasks:

(a) Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of the Company Secretary and ensure that meetings are properly convened;

(b) Ensure that the quarterly financial results, audited financial statements, annual reports, circulars and all relevant announcements are announced to Bursa Securities on a timely basis;

(c) Ensure that deliberations at the meetings are well documented and minuted;

(d) Ensure that the Company complies with the MMLR and the requirements of the relevant authorities;

(e) Inform and keep the Board updated on the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;

(f) Remind the Directors and principal officers to refrain from dealings in the Company's securities during the closed period;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.5 **Qualified and Competent Company Secretary (continued)**

(g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents;

(h) Assist the Group Managing Director to organise and co-ordinate in all the Board Committee, Board and General meetings;

(i) Attend all the Board Committee, Board and General meetings;

(j) To upkeep and update the statutory records;

(k) To liaise with Internal and External Auditors to furnish them with the statutory records for audit purposes; and

(l) As an advisor to the Board and a compliance officer of the Company.

1.6 **Meeting Materials**

The Board meets quarterly, with additional meetings convened as and when necessary.

During the FYE 2021, five (5) Board Meetings were held.

The Board recognises that the decision-making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group. All the Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

The Executive Directors and/or other relevant Board members will furnish comprehensive explanation on pertinent issues and recommendations by the Management for Board's decision. The issues are then deliberated and discussed thoroughly by the Board. In addition, the Board members are updated on the Company's activities and its operations regularly.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1. Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (continued)

1.6 **Meeting Materials (continued)**

External advisors are invited to attend meetings to provide insights and professional views, advice, and explanation on specific items on the meeting agenda when required. The Senior Management team from different business units are also invited to participate at the Board meetings.

All proceedings at the Board meetings are correctly recorded in the minutes of meetings by the Company Secretary, circulated on time and duly signed by the Chairman of the meetings.

The Board also resolved and approved the Company's matters through circular resolutions during the financial year.

Every Director has unrestricted access to the advice and services of the Company Secretary as and when required to enable them to discharge their duties effectively.

There is a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity, to take independent professional advice at the Group's expense, where necessary in furtherance of their duties.

2. There is demarcation of responsibilities between the Board, Board Committees and the Management. There is clarity in the authority of the Board, its Committees and Individual Directors.

The Board is guided by the Board Charter, which sets out the principles governing the Company's Board of Directors and adopts the principles of good governance and practice following applicable laws, rules, and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, Board Committees, Individual Directors and management, and issues and decisions reserved for the Board.

The Board will periodically review the Board Charter and make changes whenever necessary. The Board Charter is published at www.kssc.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

3. The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

3.1 **Code of Ethics and Conduct**

The Board has formalised a Code of Ethics and Conduct that sets out the basic principles to guide all directors and employees of the Group and associate companies. The Board shall observe and adhere to the Company's Code of Ethics and Conduct as guidance regarding ethical and behavioural considerations or actions in discharging their duties and responsibilities.

The Board will periodically review the Code of Ethics and Conduct to ensure relevant and appropriate. The Code of Ethics and Conduct details are available for reference at www.kssc.com.my.

3.2 **Whistleblowing Policy**

The Board has put an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal.

The details of the whistle-blowing policy are available for reference at www.kssc.com.my.

3.3 **Sustainability**

The Board aims to adopt a sustainability strategy which yield environmental, economic, and social benefits to all the stakeholder and the communities. It aims to ensure the long-term viability and sustainability of the Company's business is protected.

3.4 **Anti-Bribery and Corruption Policy**

The Board had adopted the Anti-Bribery and Corruption Policy guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within the Group and to prevent corruption within the Company and the way we conduct our business.

The Anti-Bribery and Corruption Policy is available at www.kssc.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights.

4.1 **<u>Composition of the Board</u>**

The Board consists of seven (7) members, comprising five (5) Non-Executive Directors and two (2) Executive Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities.

The composition of four (4) out of six (7) directors are Independent Directors, which complies with the recommendation of the MCCG.

The Group is led by an experienced Board members, many of whom have vast business knowledge. The five (5) Non-Executive Directors contributed significantly in areas such as policy and strategy, performance monitoring, allocation of resources, and improving governance and controls. They provide an unbiased and independent views to safeguard the interest of the shareholders.

The Board considers the current size is adequate and able to facilitate effective decision-making and governance. The Board shall continue to review its composition as and when the need arises.

4.2 **<u>Independent Director's Tenure</u>**

The Board noted that the MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completing the nine years tenure, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In any event such a Director is to be retained as an independent director, the Board must first justify and seek annual shareholders' approval through a two-tier voting process.

Except for Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff, who has served as an Independent Non-Executive Director of the Company for a term of twelve (12) years and has indicated his intention not to seek re-election at the upcoming Thirty-Seventh Annual General Meeting ("37th AGM"). Other than that, none of the Independent Non-Executive Directors has served more than nine (9) years.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights. (continued)

4.3 **Policy on Independent Director's Tenure**

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensuring that the independent directors can exercise independent judgment and act in the best interests of the Group. They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making. Each Director has a continuing responsibility to determine whether he/she has a potential or actual conflict of interest with any material transactions.

The Director is required to disclose to the Board immediately and abstain from participating in discussions, deliberations, and decisions of the Board on the respective matters where they are interested. The Board, via the NC and guided by the Corporate Governance Guide–Towards Boardroom Excellence, has developed the criteria to assess independence and formalised the current independence assessment practice. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the NC meeting, which was then reported to the Board at the Board Meeting. Each independent Director abstained from deliberation on their assessment. The NC was satisfied that the Independent Directors continue to uphold their independence and integrity.

4.4 **Appointment of Directors**

The Board appoints its members through a formal and transparent selection process, which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure all appointments are made in accordance with legal and regulatory requirements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights. (continued)

4.4 **Appointment of Directors (continued)**

The following new directors were appointed in 2021 and 2022:-

i) Yap Chee Kheng (appointed on 13 August 2021);
ii) Dato' Tin @ Tan Pek-Han (appointed on 3 January 2022); and
iii) Chang Tian Kwang (appointed on 31 March 2022)

The profiles of these Directors are set out on pages 15 to 19 of the Annual Report.

The appointment process was summarised as follows:

(i) The candidate was identified and recommended by the management;

(ii) In evaluating the suitability of the candidates to the Board, the NC considers, the required mix of skills, expertise, experience, time commitment and contribution of the candidates to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence will be considered;

(iii) The NC made recommendation to the Board which includes a recommendation for appointment as a member of the various Board Committees, where necessary; and

(iv) The Board made decision on the proposed new appointment including appointment to the various Board committees.

The appointment of new board members will be guided by the candidate's skills, competencies, knowledge, experience, commitment, and integrity.

4.5 **Board Diversity Policy**

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG on the establishment of boardroom and workforce gender diversity policy.

The Group does not adopt any formal gender diversity policy in selecting new Board candidates. It does not have specific guidelines on setting the target for female candidates in the workforce. The evaluation of the suitability of any candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience, and other qualities in meeting the needs of the Group, regardless of gender and race.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights. (continued)

4.6 **Retirement and Re-election of Directors**

The Constitution of the Company provides that all Directors of the Company are subject to retirement. At least one third (1/3) of the Directors for the time being, or the number nearest to 1/3 from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates. Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

The NC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment based on the reviews of their performance and their contribution to the Board through their skills, experience, qualities, and ability to act in the best interests of the Company in decision making.

The NC assessed and was satisfied and made recommendations to the Board for re-election/re-appointments with regards to the following:

(i) The re-election of the director, Mr Tsen Ket Shung @ Kon Shung, who is due to retirement but shall be eligible for re-election pursuant to Clause 92 of the Company's Constitution at the forthcoming 37th AGM;

(ii) The re-election of the director, Mr Yap Chee Kheng, who is due to retirement but shall be eligible for re-election pursuant to Clause 99 of the Company's Constitution at the forthcoming 37th AGM;

(iii) The re-election of the director, Dato' Tin @ Tan Pek-Han, who is due to retirement but shall be eligible for re-election pursuant to Clause 99 of the Company's Constitution at the forthcoming 37th AGM;

(iv) The re-election of the director, Mr Chang Tian Kwang, who is due to retirement but shall be eligible for re-election pursuant to Clause 99 of the Company's Constitution at the forthcoming 37th AGM;

The profiles of these Directors are set out on pages 15 to 19 of the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights. (continued)

4.7 **Meetings**

None of the Director of the Company holds more than five (5) directorships under paragraph 15.06 of the MMLR.

The Board meets at least four (4) times a year at quarterly intervals and additional meetings are convened when urgent and important decisions need to be taken between the scheduled meetings. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, and appointment of Directors are discussed and decided by the Board.

The dates scheduled for Board meetings, Board Committee meetings and Annual General Meeting are set in advance and circulated to the Directors to facilitate the Directors' time planning. The Directors' Circular Resolutions are used for the determination of urgent matters arising in between meetings. In accordance with Clause 128 of the Constitution of the Company, a signed and approved resolution by a majority of the Directors present in Malaysia and who is sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

During the FYE 2021, the Board held five (5) meetings and the details of each Director's attendance are set out below:

Name of Directors	Designation	Attendance
Koh Seng Lee	Group Managing Director	5/5
Tsen Ket Shung @ Kon Shung	Executive Director	5/5
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director	5/5
Dr Teh Chee Ghee	Independent Non-Executive Director	5/5
Yap Chee Kheng (Appointed on 13 August 2021)	Non-Independent Non-Executive Director	2/2
Lee Choon Wan (Resigned on 31 December 2021)	Independent Non-Executive Director	5/5

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights. (continued)

4.8 **Directors' Training**

All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. Directors are encouraged to attend various external professional programmes deemed necessary to keep abreast of various issues facing the changing business environment within which the Group operates. Directors are also encouraged to evaluate their own training needs on a continuous basis and recommend to the Board for the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board by actively participating in Board deliberation and effectively discharge their duties.

During the FYE 2021, the Directors had participated in the following training programmes: -

Directors	Conference/Seminar/ Workshop	Presenter/ Organiser
Dr Teh Chee Ghee	FutureFit Professionals – Digital Revolution – What Does the Future Hold?	The Malaysian Institute of Certified Public Accountants ("MICPA") – KPMG
Dr Teh Chee Ghee	Towards A Comprehensive System of Corporate Reporting Communication of Long-Term Value Creation	MICPA ESG
Dr Teh Chee Ghee	SG, Islamic Finance and the Accountancy Profession: The Way-Forward	MICPA's 63rd Anniversary Commemorative Lecture

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

4. Board decisions are made objectively in the best interests of the into account diverse perspectives and insights. (continued)

4.8 **Directors' Training (continued)**

Directors	Conference/Seminar/ Workshop	Presenter/ Organiser
Dr Teh Chee Ghee	Setting the ESG Agenda to Achieve Sustainable Long-term Value	MICPA – EY
Dr Teh Chee Ghee	2022 Budget Highlights	BDO Tax Budget
Koh Seng Lee Tsen Ket Shung @ Kon Shung Dr Teh Chee Ghee Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Anti-Bribery and Corruption Policy	AI Smartual Learning Sdn Bhd
Yap Chee Kheng	ICDM Post-Budget PowerTalk	Institute of Corporate Directors Malaysia
Tsen Ket Shung @ Kon Shung	Budget 2022 – Latest tax updates with priceless tax planning	Dr Chong Kwai Fatt

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

5. Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Nomination Committee and Annual Evaluation

The Company conducts an annual assessment to evaluate the effectiveness of the board and the Board Committees and the performance of each Director through the NC.

The NC of the Company comprises exclusively Independent Non-Executive Directors and its composition is as follows:-

Chairman	:	Dr Teh Chee Ghee	Independent Non-Executive Director
Members	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	:	Dato' Tin @ Tan Pek-Han (Appointed on 21 February 2022)	Independent Non-Executive Director
	:	Mr Lee Choon Wan (Resigned on 31 December 2021)	Independent Non-Executive Director

The NC held five (5) meetings during the FYE 2021 and the details of each NC's attendance are set out below:-

Name of NC	Designation	Attendance
Dr Teh Chee Ghee	Chairman	5/5
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Member	5/5
Mr Lee Choon Wan (Resigned on 31 December 2021)	Member	4/5

The details of the terms of reference of NC are available at www.kssc.com.my.

The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluations are guided by the Corporate Governance Guide– Towards Boardroom Excellence. The ARMC and the NC each carried out their evaluation to maximize the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and their fellow Directors. These assessments and comments were summarised and discussed at the NC meeting, then reported to the Board at the Board Meeting. The NC evaluated all the above Assessment Forms at the NC Meeting on 11 April 2022 and was satisfied with the performance of the Board and Board Committees and the performance of individual Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III Remuneration

6. The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

6.1 **Remuneration Committee**

The RC of the Company comprises all Independent Non-Executive Directors and its composition is as follows:

Chairman	:	Dato' Tin @ Tan Pek-Han (Appointed on 21 February 2022)	Independent Non-Executive Director
		Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff (Redesignated on 21 February 2022)	Independent Non-Executive Director
Members	:	Dr Teh Chee Ghee	Independent Non-Executive Director
	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff (Redesignated on 21 February 2022)	Independent Non-Executive Director
	:	Mr Lee Choon Wan (Resigned on 31 December 2021)	Independent Non-Executive Director

The RC held five (5) meetings during the FYE 2021 to carry out its function as stated within the terms of reference. The details of the attendance of RC as set out below:-

Name of RC	Designation	Attendance
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Chairman	5/5
Dr Teh Chee Ghee	Member	5/5
Mr Lee Choon Wan (Resigned on 31 December 2021)	Member	4/5

The details of the terms of reference of RC are available at www.kssc.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III Remuneration (continued)

6. The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process. (continued)

6.2 **Responsibility of RC**

The primary function of the RC is to set up and review the policy of remuneration framework and recommend to the Board the remuneration packages of all the Directors according to the skills, level of responsibilities, experience and performance of the Directors.

The remuneration of Directors is to determine at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of conditions of service of each Director annually, taking into consideration market conditions and comparisons, responsibilities held, business strategy, long-term objectives and the overall financial performance of the Group.

The RC is also responsible for reviewing the remuneration packages of the Executive Directors and Senior Management of the Company and thereafter recommending to the Board for their consideration. Non-Executive Directors are paid a fixed monthly fees, and a meeting allowance for each meeting attended. Each Director is not allowed to participate in discussing their remuneration.

The Board will then recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III Remuneration (continued)

7. Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

7.1 **Directors' Remuneration**

The details of the Directors' remuneration received in FYE 2021 are set out as below:-

Group and Company				
	Salaries & Bonuses RM	**Fees RM**	**Other emoluments RM**	**Benefits-in-kind RM**
Executive Directors				
Koh Seng Lee	655,417	-	68,480	13,325
Tsen Ket Shung @ Kon Shung	354,050	-	37,776	5,300
Non-Executive Directors				
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	-	55,000	4,500	-
Dr Teh Chee Ghee	-	70,000	4,500	-
Yap Chee Kheng	-	13,454	500	-
Lee Choon Wan	-	60,000	4,000	-
Total	**1,009,467**	**198,454**	**119,756**	**18,625**

7.2 **Remuneration of Key Senior Management (in the band of RM50,000)**

Aggregated remuneration of Key Senior Management categorised into appropriate components are as follows:-

Range of Remuneration	Group and Company Number of Senior Management
RM100,001 to RM150,000	1
RM150,001 to RM200,000	2
RM200,001 to RM250,000	1
RM300,001 to RM350,000	1

Due to confidentiality and sensitivity reasons, the Company disclosed the details of the Key Senior Management's remuneration in band instead of named basis.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit and Risk Management Committee

8. There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information.

8.1 **Audit and Risk Management Committee**

The ARMC comprises the following three (3) members, a majority of whom are Independent Non-Executive Directors:-

Chairman	:	Dr Teh Chee Ghee	Independent Non-Executive Director
Members	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	:	Mr Yap Chee Kheng (Appointed on 21 February 2022)	Non-Independent Non-Executive Director
	:	Mr Lee Choon Wan (Resigned on 31 December 2021)	Independent Non-Executive Director

The details of the terms of reference of the ARMC are available at www.kssc.com.my.

Details of the activities carried out by the ARMC in the year 2021 are set out in the ARMC Report in the Annual Report.

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of financial results. The ARMC assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

I Audit and Risk Management Committee (continued)

8. There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information. (continued)

8.2 **Recurrent Related Party Transactions**

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board, through its ARMC, reviews and reports to the Board any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and vote on the relevant resolution regarding such transaction at the Board and any general meeting convened to consider such matters.

Further details of these transactions are set out in the Additional Compliance Information section in this Annual Report.

8.3 **External Auditors**

The ARMC assesses the suitability and independence of the External Auditors on an annual basis. Areas of assessment include the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting, and partner involvement. The inputs/opinions from the Company's personnel who had constantly contacted the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the external auditor.

The External Auditors of the Company fulfil an essential role on behalf of the Company's shareholders is giving an assurance to the shareholders on the reliability of the Company's financial statements and the Group.

The External Auditors are to bring to the attention of the Board of Directors, the ARMC and the management any significant deficiencies noted in the Group's financial reporting system, internal controls and preparation of financial statements in accordance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia in the course of their audit.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

I Audit and Risk Management Committee (continued)

8. There is an effective and independent audit committee. The Board is able to objectively review the audit and risk management committee's findings and recommendations. The company's financial statement is a reliable source of information. (continued)

8.3 **<u>External Auditors</u> (continued)**

The External Auditors of the Company are invited to attend meetings with the ARMC to discuss their audit plan and audit findings on the Company's yearly financial statements. In addition, the ARMC will also have private sessions with the External Auditors without the presence of the management to enable the exchange of views on issues requiring attention.

During the FYE 2021, the amount of audit fee and non-audit fee paid and payable to the External Auditors of the Company were as follows: -

	Group (RM'000)	Company (RM'000)
Audit Fees	225	70
Non-Audit Fees	5	5
Total:	230	75

The non-audit fees were paid to External Auditors to review the Statement on Risk Management and Internal Control.

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The ARMC and the Board are satisfied with the performance, competence and independence of the External Auditors and the Board had recommended their re-appointment to the shareholders' approval at the forthcoming 37th AGM.

The key features underlying the relationship of the ARMC with External Auditors are included in the ARMC's terms of reference as detailed in the ARMC Report section of this Annual Report.

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

II Risk Management and Internal Control Framework

9. Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile and safeguarding the interest of stakeholders and shareholders and its assets.

9.2 The Chairman of the ARMC heads the Committee and is assisted by the key management team of the respective division. The primary responsibility and purpose of the ARMC are to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on an ongoing basis. The ARMC reports to the Board regarding the Group's risk exposures, including a review risk assessment model used to monitor the risk exposures and the Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit.

The key features of the Audit and Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on page 55 to 59 of this Annual Report.

10. Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework

The internal audit function is to outsource to a professional firm that reports directly to the ARMC.

The Statement on Risk Management and Internal Control furnished on page 55 to 59 of the Annual Report provides an overview of the state of internal controls within the Group to manage risk.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures of material information relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. The Board has formalised pertinent policies and procedures to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities and set out the persons authorised and responsible for approving and disclosing material information regulators, shareholders and stakeholders.

The release of material information will be made public via Bursa Securities. The public members can also obtain the full financial results and the Company's announcements from the Bursa Securities' website.

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

11. There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Company's website at www.kssc.com.my is regularly updated. It provides relevant information on the Company which is accessible to the public to make an informed investment decision.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.

In addition to shareholders participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, Shareholders and other stakeholders may convey their concerns relating to the Company to the Chief Executive Officer, Dr Lim Pang Kiam at the contact details set out in the Corporate Information section of this Annual Report.

The Company's policy is to maintain an active dialogue with its shareholders to give its shareholders a clear and comprehensive information about the Company's financial performance, major developments, and position as possible. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results and corporate website.

II Conduct of General Meetings

12. Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at general meetings

12.1 The Annual General Meeting is the principal forum for dialogue and interaction with shareholders.

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of and answer questions from both the individual and institutional investors on all aspects relevant to the Company at the Annual General Meeting. It is also a requirement for the Company to send the Notice of the Annual General Meeting and related circular to its shareholders at least twenty-eight (28) days before the meeting. At the Annual General Meeting, shareholders are encouraged to ask questions about the resolutions being proposed or about the Group's operations to seek more information. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written response after the Annual General Meeting.

12.2 All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board announces the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that:-

i) The annual audited financial statements of the Group and the Company are drawn up in accordance with applicable Financial Reporting Standard, the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities to give a true and fair view of the state of affairs of the Group and the Company for the financial year; and

ii) Proper accounting and records are kept to enable the preparation of the financial statements with reasonable accuracy. The Company takes reasonable steps to ensure that appropriate systems are in place to safeguard the Group's assets to prevent, detect fraud and other irregularities.

In preparing the financial statements for the FYE 2021, the Directors have selected and applied appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the Group's assets, and detect and prevent fraud and other irregularities.

The Board is satisfied that it has met its obligations to present a balanced and comprehensive assessment of the Company's position and prospects in the Directors' Report and the Financial Statements.

This Statement is made in accordance with a resolution of the Board on 11 April 2022.

COMPLIANCE STATEMENT WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

Saved as disclosed above, the Board is satisfied that throughout the FYE 2021, the Company has applied the principles and recommendations of the corporate governance set out in MCCG, where necessary and appropriate.

In pursuit of safeguarding the interests of shareholders and other stakeholders, the Board is dedicated to and will continue to strengthen its implementation of the best practices in corporate governance.

Additionally, the Board has taken all necessary measures to ensure that adequate internal controls are in place to safeguard the Group's assets, and detect and prevent fraud and other irregularities.

This Board approved the Corporate Governance Overview Statement on 11 April 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

As at the FYE 2021, the ARMC comprises the following three (3) members all of whom are Independent Non-Executive Directors:-

Chairman	:	Dr Teh Chee Ghee	Independent Non-Executive Director
Members	:	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Independent Non-Executive Director
	:	Mr Lee Choon Wan (Resigned on 31 December 2021)	Independent Non-Executive Director

Mr Yap Chee Kheng, a Non-Independent Non-Executive Director, was appointed as member of ARMC on 21 February 2022.

TERMS OF REFERENCE

The Terms of Reference of the ARMC is available at www.kssc.com.my.

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

There were five (5) meetings held during the FYE 2021, i.e. 24 February 2021, 5 May 2021, 25 May 2021, 25 August 2021 and 24 November 2021. The details of attendance of the ARMC members are as follows:-

Name of ARMC	Designation	Attendance
Dr Teh Chee Ghee	Chairman	5/5
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	Member	5/5
Mr Lee Choon Wan (Resigned on 31 December 2021)	Member	5/5

The ARMC members have undergone relevant trainings during the financial year to apprise the regulatory changes as well as to stay abreast with contemporary issues affecting the Group. Details of the ARMC members' trainings are spelled out in the Company's Corporate Governance Overview Statement in this Annual Report.

ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has entrusted the ARMC with the following responsibilities to overseeing the financial reporting process, the audit processes and the risk management functions:

- To review the Group's quarterly results and year-end financial statements;
- To review the External Auditors' Audit Plan and Audit Report;
- To review the assistance and cooperation given by the employees to the External Auditors;
- To meet with the External Auditors once during the FYE 2021 without the presence of any executive Board members;
- To assess the Group's risks profile and to mete it out with the appropriate internal audit plan and internal control system;
- To review the internal audit plan and processes, the findings, investigation undertaken, and whether or not any appropriate action is taken on the recommendations of the internal audit function, and reporting the same to the Board;
- To receive risks reports and update reports from the Risk Officers and respective Heads of Division;
- To review the independence of the Group's internal and external auditors and the processes adopted by the auditors;
- To review the Recurrent Related Party Transactions to ensure they are not detrimental to the minority; and
- To review the Company's compliance of the relevant Accounting Standards and other legal requirements.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR

In line with the Terms of Reference of the ARMC, the following activities were carried out by the ARMC during the FYE 2021 in discharging its functions and duties:-

Financial Performance & Reporting

- The ARMC reviewed the unaudited quarterly financial results and announcements and annual financial statements of the Group before submission to the Board of Directors for approval. This was to ensure that the financial statements were in compliance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards, International Financial Reporting Standards and Listing Requirements of Bursa Securities.

- The ARMC reported to the Board on significant audit issues and concerns discussed during the ARMC meetings which have a significant impact on the Group from time to time, for consideration and deliberation by the Board.

- The ARMC reviewed the ARMC Report, the Sustainability Statement and the Statement on Risk Management and Internal Control before submission to the Board for approval and inclusion into the Annual Report of the Company.

External Auditors

- Discussed and reviewed the External Auditors' Audit Planning Memorandum for the FYE 2021 outlining their responsibilities, engagement team, the background of the group, business highlights, materiality, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, internal control plan and involvement of internal auditors, involvement of component auditors, timetable, engagement quality control, independence policies and procedures and audit fees.
- Deliberated on the External Auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statement for the FYE 2021.
- Reviewed the External Auditors' findings arising from audits, particularly comments and management's responses towards the management letter issues and their actions to resolve them.
- Discussed and reviewed with the External Auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.
- Dialogue session with the External Auditors, without the presence of the Executive Directors and management.
- Reviewed and evaluated the performance and effectiveness and Independence of the External Auditors. The ARMC assessed the integrity, capability, professionalism and work ethics of the External Auditors. After satisfying themselves with the External Auditor's performance, they recommended to the Board the re-appointment of the external auditors at the Annual General Meeting.
- To discuss audit matters with the External Auditors for the FYE 2021.

Internal Audit

- Reviewed the scope of work and audit plans for the Group proposed by the Internal Auditors.
- Reviewed the Internal Audit Report for the FYE 2021 and assessed the internal audits' findings, recommendations with the Management's responses.
- Reviewed and assessed the Internal Auditors performance based on staff strength, resources, professional integrity, independence, familiarity with Group's operation and recommended to the Board for the re-appointment.
- Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.
- The areas and operating processes reviewed by the Internal Auditors are as follows:-
  (a) Warehouse Management;
  (b) Production Operation;
  (c) Related Party Transaction; and
  (d) Facts Finding on Supply Chain for Project Business.

Related Party Transactions ("RPT") and Conflict of Interest ("COI")

All Board members will disclose if they have any RPT transaction during the quarter at every quarterly Board meeting.

The ARMC reviewed the RPT and COI situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity every quarter.

The ARMC reviewed and determined whether the RPT and COI situation presented by the Management is fair, reasonable and on normal commercial terms and in the best interest of the Company prior entering into such transaction.

ARMC has to review the RPT and Recurrent RPT ("RRPT"), if there are fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering into such transaction. All RRPT must be transacted at arm's length.

The ARMC must:

(a) Ensure that there is adequate oversight over the controls on the identification of the interested parties and identification of the RPT and possible COI situations; and

(b) Assess and address the reasonableness of the RPT and COI situation to ensure that interested parties do not abuse their powers to gain unfair advantages.

During the financial year under review, all RPT has been disclosed in the financial statements and no COI situation reported.

Others

The ARMC had reviewed the disclosure statements on Corporate Governance and Sustainability Statements; and recommended their adoption to the Board, for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Messrs Moore Stephens Associates PLT. The Internal Auditors had engaged with the various Heads of Division to conduct the enterprise risk management assessment, and meet the risk appetites with the internal control and control plan. The Internal Auditors regularly review and appraise the effectiveness of the internal control system, governance and risk management within the Company and the Group.

The Internal Auditors report directly to the ARMC and they are given full access to all the documents relating to the Company and the Group's governance, financial statements and operational assessments.

The Company recognised that the internal audit function is important in assisting the ARMC to execute its oversight function and discharge its duties and responsibilities. They perform independent reviews to ensure adequacy and effectiveness of the internal control and risk management systems established by the Group.

The ARMC deliberate and discuss the reports issued by the internal auditors. Its recommendations were duly acted upon by the Management with proper follow-up actions.

The internal audit plan covers the review of the adequacy of financial and operational controls, compliance with laws and regulations and risk monitoring activities.

The primary responsibility of the internal audit function is to assist the Board and the ARMC in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a strong management control environment.

The Internal Auditors have organised their work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

The Internal Auditors conducted the risk management profile to map out the proposed action plan to address those high-priority risks. Thereafter, the Internal Auditors would recommend and present the internal audit plan to the ARMC for approval annually before commencement of the internal audit work. During the quarterly meetings following the presentation of the internal audit report, the ARMC will review the progress and coverage of the internal audit plan to ensure that the audit direction remains relevant and is in line with the expectations of the ARMC.

INTERNAL AUDIT FUNCTION (continued)

Prior to the presentation of reports and findings to the ARMC, comments from the Management were obtained and incorporated into the internal audit findings and report.

The internal audit report also covered the follow-up by the Management on the implementation of the recommendations in their earlier reports.

The details of the internal audit functions during the period under review is stated in the Statement on Risk Management and Internal Control of this Annual Report.

The total cost incurred for the internal audit function of the Group for the FYE 2021 was RM60,000.

This statement was approved by the Board on 11 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26 (b) of the Listing Requirements of Bursa Securities stipulates that a listed issuer must ensure that its board of directors makes a statement ("Statement on Risk Management and Internal Control" or "Statement") about the state of risk management and internal control of the listed issuer as a group. Accordingly, the Board of Directors (the "Board") is pleased to provide the Statement on Risk and Management and Internal Control, which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the FYE 2021 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For disclosure, this Statement considers the "Statement on Risk Management and Internal Controls - Guidelines for Directors of Listed Issuers", a publication of the Bursa Securities that guides the boards of directors on the issuance of the Statement on Risk Management and Internal Control.

Board Responsibility

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets and review its adequacy and integrity. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Practice 1.1 of the MCCG. Accordingly, the Board is aware that its principal responsibilities, as outlined in the Guidance of the MCCG, include, inter-alia, the following:

- ensure there is a sound framework for internal control and risk management.
- understanding and identifying principal risks of the business and ensuring the implementation of appropriate controls and mitigation measures;
- sets the risk appetite, within which the management is expected to operate; and
- reviewing the adequacy and integrity of the management information and internal control system of the Company.

The Group has in place a risk management process to identify and evaluate significant risks, comprising strategic, financial, and operational risks and a system of internal control to mitigate such risks. Given the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore only provide reasonable, but not an absolute assurance, against any material misstatement, financial loss, or fraudulent practice.

Following the latest publication of the Statement on Risk Management and Internal Controls Guidelines for Directors of Listed Issuers, the Board affirms that there is an ongoing process for identifying, evaluating, and managing significant risks faced by the Group.

Risk Management Process

The Board recognises the importance of risk management to safeguard shareholders' investment and the Group's assets. Accordingly, it has deployed a process to identify and evaluate significant business risks faced by the Group to manage them during the financial year under review and up to the date of approval of this Statement. Management is entrusted to identify such risks for onward reporting to the Board so that remedial measures may be taken to mitigate the risks as appropriate. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, are reported by Management to the Board yearly.

The Board also had established an Enterprise Risk Management framework to identify, evaluate, control, report, and monitor significant risks faced by the Group. Such a framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and non-financial matrix, to assess the likelihood of risks occurring and the impact thereof should the risks occur. Internal controls deployed by Management are linked to, and mitigate the business risks identified.

Internal Control System

The Group has in place a system of internal control which encompasses all types of control including those of a financial and operational nature. The system of internal control is structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact arising from a future event is at a level acceptable to the business.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Group Managing Director, Executive Directors, and Senior Management (collectively, "the Management"), with specified limits of authority, in running the main operating functions of the Group. In this respect, Management essentially comprises personnel with many years of "hands-on" experience who are in a position to identify and manage the business risks.

Internal Control System (continued)

In order to enhance the Group's risk management and internal control system, the Group engaged an independent professional firm, in carrying out a review, development, and improvement to the Group's risk management and internal control system. Key focus areas reviewed by the professional firm include:-

- Review and revise the existing governance structure of the Group to ensure a clearly defined line of responsibilities and appropriate levels of delegation and authority. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability.
- Review and enhance the Board Charter and Terms of Reference of the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee.
- Development of a Code of Ethics and Conduct for Directors to serve as a document to guide the ethics and conducts for all Directors of the Company and its subsidiaries.
- Development of the Corporate Disclosure Policies and Procedures on corporate disclosures, including investor relations and communication with stakeholders.
- Review, develop and enhance the existing standard operating procedures for the key functions of the Group.
- Review and enhance the existing Enterprise Risk Management Framework.
- Review and develop key performance indicators of the Group.
- Other key areas of improvement to be identified.

Internal Audit Function

The Group's internal audit function is outsourced to a firm of independent professionals, which adopts the International Professional Practices Framework ("IPPF") in carrying out internal audit assignments of the Group. The IPPF includes, inter-alia, the attribute and performance standards for internal auditing promulgated by the Institute of Internal Auditors, a global professional body for internal auditors. The internal audit function, which reports directly to the ARMC, assists the Board in assessing the adequacy and integrity of the internal control system established by Management based on an agreed scope of work as outlined in an Internal Audit Plan approved by the ARMC. There is no restriction placed upon the scope of the Internal Audit function's work and the internal auditor is allowed full, accessible, and unrestricted access to the records and relevant personnel of the Group.

During the financial year under review, the internal audit function covered the following key processes of the Group to assess the adequacy and operating effectiveness of internal controls to address the business risks therein:

- Warehouse Management;
- Production Operation;
- Related Party Transactions;
- Facts Finding on Supply Chain for Project Business.

Internal Audit Function (continued)

Their reviews are reported directly to the ARMC which includes significant internal audit findings, recommendations for improvements, Management's responses, and proposed action plans. Based on the internal audit reviews conducted, weaknesses had been identified and rectified and these weaknesses did not result in any material losses, contingencies, or uncertainties that would require separate disclosure to be made in this Annual Report.

The costs incurred for the internal audit function for the FYE 2021 amounted to approximately RM60,000 (2020: RM60,000).

Assurance by the Group Managing Director and Chief Financial Officer on the adequacy and effectiveness of the risk management and internal control system

The Board has received assurance from the Group Managing Director and Chief Financial Officer through various reports that the Group's risk management and internal control system is operating adequately and effectively, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its ARMC, has reviewed the adequacy and effectiveness of the risk management and internal control system. Those relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors directly to the ARMC.

The Board is of the view that there have been no significant weaknesses in the system of internal control that resulted in material losses, contingencies, or uncertainties that would require disclosure in the Company's Annual Report 2021. Management of the Group continues to take measures to strengthen the internal control environment from time to time based on recommendations of the internal audit function and the external auditors.

For this Statement on Risk Management and Internal Control, the associate of the Group has not been taken into account. The Group's interests in this associate are served through representation on the Board of the associate and through the review of management financial statements.

This statement is issued in accordance with a resolution of the Board dated 11 April 2022.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement in accordance with Malaysian Approved Standard an Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the FYE 2021 and has reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls Guidelines for Directors of Listed Issuers, or
(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problem disclosed in the Annual Report will, in fact, remedy the problems.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company had on the following dates issued new ordinary shares pursuant to the Private Placement:-

A. 15 December 2020, 7,950,000 Placement Shares issued at an issue price of RM0.58 per share;
B. 7 January 2021, 7,450,000 Placement Shares issued at an issue price of RM.485 per share; and
C. 11 January 2021, 3,800,000 Placement Shares issued at an issue price of RM0.535 per share.

The Private Placement was completed on 11 January 2021 with a total proceed of RM4,611,000, RM3,613,250 and RM2,033,000 were received respectively.

The status of the utilisation of the Private Placement as at 31 December 2021 are as follows:-

Purpose	Timeframe for Utilisation	Approved Utilisation RM'000	Private Placement Received RM'000	Actual Utilisation as at 31/12/2021 RM'000	Balance to be utilised RM'000
(i) Business Expansion	18 months	5,000	5,000	-	5,000
(ii) Working Capital	12 months	4,500	5,157	5,157	-
(iii) Defray Estimated Expense	Immediate	100	100	100	-
	-	**9,600**	**10,257**	**5,257**	**5,000**

Audit and Non-Audit fees

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 2021 is as follows:-

Details of Audit Fees	Group (RM'000)	Company (RM'000)
Statutory Audit Fees	225	70
Non-Audit Fees	5	5
Total:	**230**	**75**

ADDITIONAL COMPLIANCE INFORMATION (continued)

Material Contracts Involving Directors and Major Shareholders

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries, involving directors' and major shareholders' interest, either still subsisting at the end of the FYE 2021 or entered into since the end of the previous financial year.

Recurrent Related Party Transaction of a Revenue or Trading Nature

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue or trading nature during the FYE 2021.

Message from the Group Managing Director

GRI102-14

Dear Stakeholders,

I am pleased to present to you the Group's fourth Sustainability Statement. This year's Sustainability Statement will cover four aspects of importance to our Group. They are Occupational Health and Safety, Human Capital Development, Minimising Environment Harm and Contribution to the society.

As the country is moving to the endemic phase, the Group has taken various initiatives to improve its revenue and optimising cost. The challenges and restrictions of foreign labour have shifted our focus to local employment. Our profit for the FYE 2021 improved by RM11.77 million and our EBITDA for the financial year was RM19.30 million. The Group has also taken various initiatives to boost its efficiency and optimise costs to improve its revenue. Therefore, our Group endeavours to provide to all its customers with quality products and to achieve better financial and operational goals. We also intend to make efforts to protect the environment, support our local communities, and provide safe working conditions and various career opportunities for our employees.

Occupational health and safety

In manufacturing facility, occupational safety and health (OSH) for our employees and contractors alike, are of paramount importance. We aim to improve our safety rating by organising safety events and education workshops for our staff, contractors and visitors, with a safety-first mindset at all the facilities and subsidiaries.

For the record, we had four (4) work site incidences in 2021. To further improve and maintain the safety records, we strive to disseminate the importance of safeguarding against work hazards by implementing safety briefings to all staff and contractors. This will help to help them to internalise the safety awareness which is vital to our Group's operations.

Our Group encourages our employees to be constantly on the lookout for ideas & suggestions, on how to improve our safety awareness and to spot a potential hazard on the production floor, as well as in the office. From there, we can evaluate those with the highest risks and implement them first according to severity and priority.

Human Potential Management

Our employees are the core of our operations. We want to realise and develop their potential together with them. We would like to provide a conducive working environment that can help them to achieve this. The Group's Human Potential Management philosophy hinged on 3 ideas, Bridging Competency Gap, Training and Assessment, and reduce the Attrition Rate. With this, the Group target to design its training and development programmes and build around its core competencies.

Managing environmental impacts

Using the Environment, Social and Governance ("ESG") Impact Assessment as our guideline, we are sensitive to the impact on the environment resulting from our business activities. Thus, we are expected to show leadership to our peers by documenting and assessing our impact to environment, we may also implement steps to reduce future impact.

One of the clear initiatives is to use renewable energy sources, eventually reducing electricity energy from the Grid, at the same time may also help to reduce our carbon emissions.

Community relations

We are part of the community where our business operates. We sourced workforce from the local community and enriched each other from our business results. We have engaged with them through the local business and resident representatives via meet up and dialogues. We believe we can do more in the coming year.

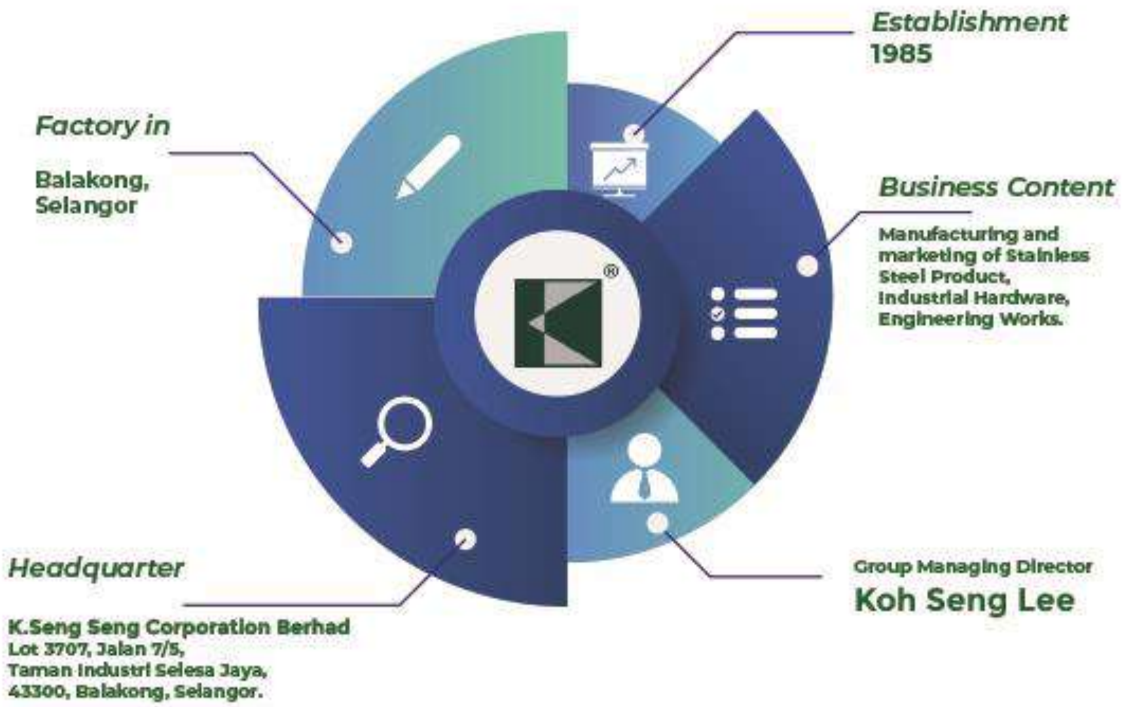
On behalf of the Group, I feel encouraged and motivated to lead the Company, constantly reminding our employees and I, to inculcate a sustainable mindset in everything we plan and implement. Taking into consideration the valuable feedback from our stakeholders, we anticipate to be a responsible member of our great society.

KOH SENG LEE
Group Managing Director

ABOUT K. SENG SENG CORPORATION BERHAD ("KSSC")

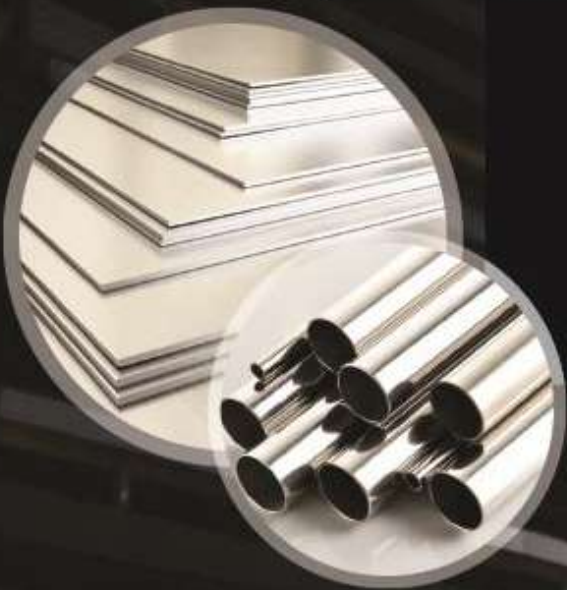
GRI102-1, GRI102-2, GRI102-3, GRI102-4, GRI102-6, GRI102-7

The Group is primarily engaged in the manufacturing and processing of secondary stainless steel and other metal-related products, trading of industrial hardware including marine hardware and consumables, engineering works, fabrication and installation of glove dipping line and trading of glove dipping line parts. The Company is principally engaged in investment holding related activities.



The Key Business Segment

Stainless Steel and Metal Related Products



The stainless steel and metal related products segment is in the business of manufacturing and sales of stainless steel tubes and ornamental pipes, processing of stainless steel sheets products, and trading of other metal related products.

Marine Hardware & Consumable

The marine hardware and consumables segment is in the business of trading marine hardware.

Other Industrial Hardware

The other industrial hardware segment is in the business of trading industrial hardware.

Engineering Works

The engineering works segment is in the business of fabrication and installation of double/single former online chlorination nitrile glove dipping lines and double/single former rubber glove dipping lines, trading of dipping line parts and consumables, and engineering services including machining, cutting, dismantling and cleaning of conveyor chains.

About this Report

GRI102-46

The 2021 Sustainability Statement ("the Report") covers the results of the Company's sustainability performance for FYE 2021. The Report covering the events that took place in 2021 was prepared in accordance with the Global Reporting Initiative Sustainability Standards Core option ("GRI Standards"). GRI102-54

Reporting Boundaries

GRI102-45

The sustainability information contained in this Statement covers the performance of the whole Group:

Segment	Subsidiary concerned	Assets Being Assessed
Manufacturing	PTM Stainless Steel Industry Sdn Bhd	Manufacturing of stainless steel tubes and ornamental pipes, and processing of stainless-steel sheets products.
Trading	Three and Three Hardware Sdn Bhd	Trading of stainless steel flat and long products and other metal related products.
	Koseng Sdn Bhd	Trading of marine hardware and consumables.
	K. Seng Seng Industries Sdn Bhd	Trading of other industrial hardware.
Engineering Works	KSG Engineering Sdn Bhd	Fabrication and installation of Double/Single former online chlorination nitrile and rubber glove dipping lines, trading of dipping line parts and consumable and engineering services including machining, cutting, dismantling and cleaning of conveyor chains.
	K. Seng Seng Manufacturing Sdn Bhd	Manufacturing of stainless steel conveyor chains, rigging accessories and components.

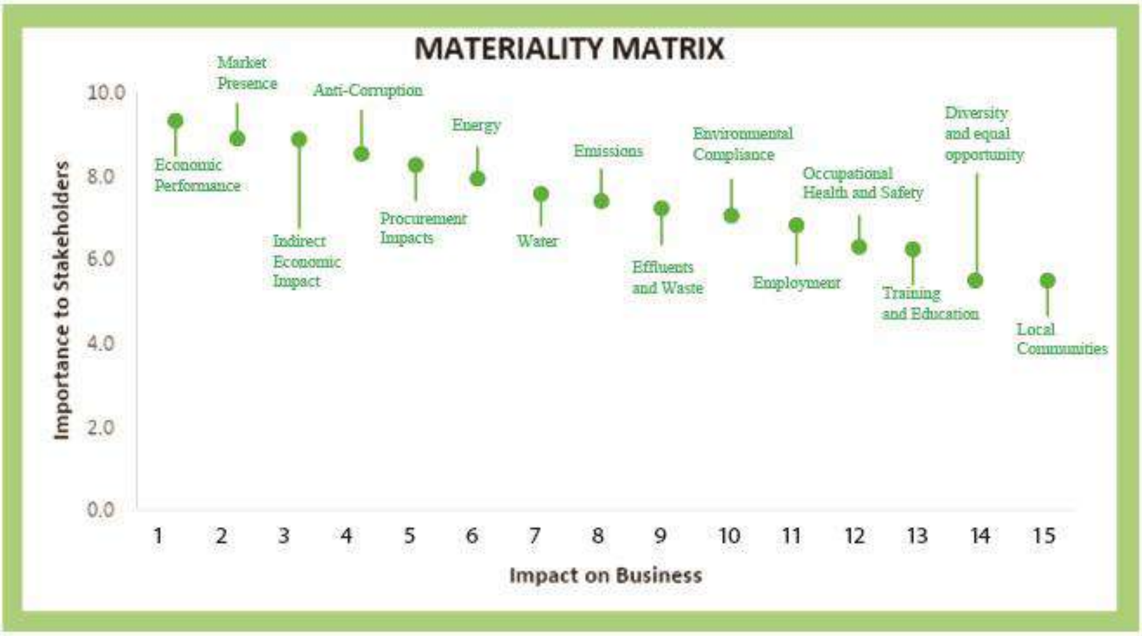
Identification of Material Topics

GRI102-46, GRI102-47

We conducted a material assessment on select topics that mattered most to the business for inclusion in the Statement. The forms were sent out to the Group's employees, shareholders, customers, as well as governmental organisation and subsequently a list of material topics was compiled. The materiality assessment was performed in accordance with GRI Standards. When assessing whether a topic is material, two main criteria are used: the significance of economic, environmental, or social impacts and the influence on stakeholder assessments and decisions.

Category	Number	Topic
Economic	1	Economic Performance
	2	Market Presence
	3	Indirect Economic impact
	4	Anti-Corruption
	5	Procurement impacts
Environment	6	Energy
	7	Water
	8	Emissions
	9	Effluents and Waste
	10	Environmental Compliance
Social	11	Employment
	12	Occupational Health and Safety
	13	Training and Education
	14	Diversity and equal opportunity
	15	Local Communities

In 2021, our Group drew a total of 15 material lists to be included in this Report and for this year reporting, we will include comparative data to compare against last year's environment data.



Data Preparation Methodology

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with GRI Standard reporting principles and requirements and on the basis of the current procedures are in place for collection and preparation of management information in the Group.

Financial information is presented in Ringgit Malaysia unless otherwise specified.

Contact Information

GRI102-53

Our Group reviews carefully & analyses feedback from stakeholders on the completeness, objectivity, and materiality of information disclosed in its sustainability report, which helps to improve our sustainability performance and non-financial reporting processes. We welcome your suggestions on the Report and on our performance.

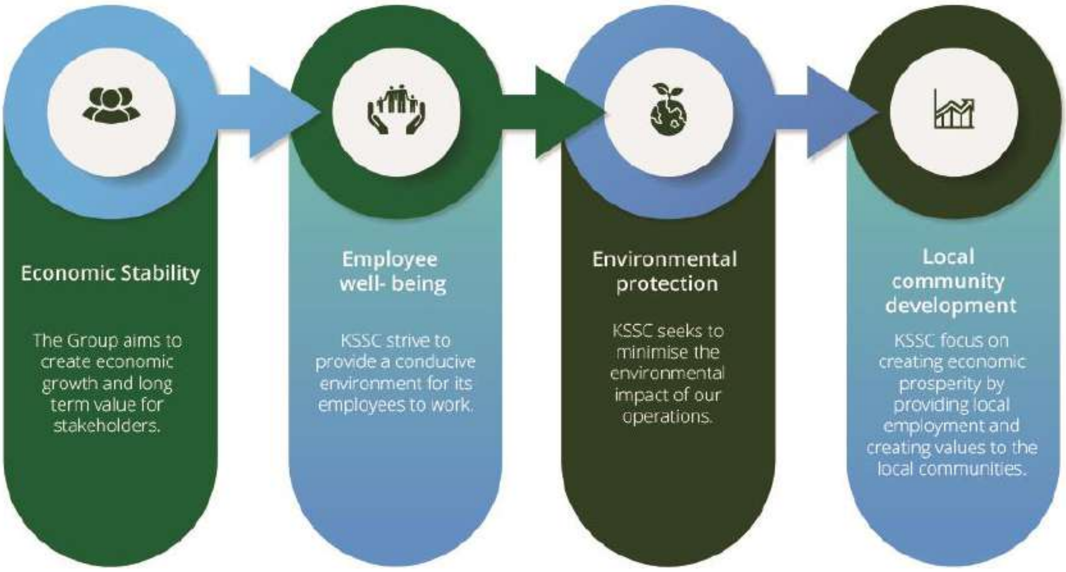
Please send your questions and suggestions to:

Mr Chan Min Wai
Chief Financial Officer
Email: cfo@kssc.com.my
Telephone number: +603 – 8961 5555

Our Sustainability Approach

KSSC Approach to Sustainability Governance

Our Group believes in upholding the principles and values of sustainable development and integrating them into its business processes. We believe that sustainable development is a crucial part of our operational success and is the foundation for creating value for our stakeholders. There are four main areas of sustainable development as shown in the diagram below, in which our Group operates upon.



KSSC Sustainability Structure

GRI102-18

We strive to build and develop strong and transparent relations with all our stakeholders and we actively develop our stakeholder engagement methods and always evaluate to see which channels work best.

When implementing sustainable development activities, we use the best international standard practises as our guide and fully comply with Bursa Malaysia Sustainability Reporting Guidelines.

Direct Economic Value Generated and Distributed

GRI201-1

Our Group was established in 1985 and was listed on 15 July 2009 on the Bursa Securities. Our Group has createdd value for stakeholders, including shareholders, investors, employees, suppliers and contractors, government authorities, and local communities. The direct economic value generated and distributed demonstrates the wealth that we create through the Group business operations and the economic value distributed among the stakeholder groups.

Our Group used information from the audited financial statements to prepare the table below, in accordance with GRI recommendations for Disclosure.

GRI201-1

Based on a comparison of two years of audited accounts, the Group aims to boost the value generated and distributed, increase our contribution to society, maintain transparency and act with integrity when it comes to information disclosure.

In 2021, the value generated by our Group's assets amounted to RM153.18 million, the value distributed RM142.25 million, and the value retained RM10.93 million.

Item	Stakeholder	2021 (RM'000)	2020 (RM'000)
Revenue from the sale of goods		151,932	105,861
Revenue from financial investments		14	37
Other Operating Income		1,235	482
Direct economic value generated		153,181	106,380
Economic Value Distributed			
Operating Expenses	Suppliers and Contractors	(4,411)	(4,314)
Wages and other payments to employees	Employees	(17,703)	(12,958)
Payments to providers of capital			
Payment to financial institutions		(1,623)	(1,359)
Payment to shareholders	Shareholders and Investors		
Payment to creditors		(114,736)	(86,779)
Payment to Government	Government Authorities		
including income tax expenses		(3,774)	(1,232)
Community Investment	Local Communities		
Economic Value Distributed		(142,247)	(106,642)
Economic Value Retained		10,934	(262)

Membership of Associations, Societies, and Institutions

GRI102-13

Our Group is actively collaborating with prominent industry and business associations, society, and institutions. The Group supports initiatives and conferences and participates in various discussions. We consider our industrial and operational features and adopted sustainability principles when deciding to participate in associations

Association and Institutions	Membership Type
Malaysia Steel and Metal Distributors' Association	Ordinary member
Malaysian Rubber Glove Manufacturers Association	Associate member

Attaining Sustainable Development Goals – our inputs

ETHICS AND BUSINESS CONDUCT

GRI102-16

Approach to Promoting Fair Business Practices

GRI102-18

Our Group aims to meet the highest standards in ethical business conduct and we have zero tolerance for corruption and bribery practices. The Group takes strict measures to prevent and effectively deal with the consequences of misconduct if it occurs. The Group adopted its Anti-Bribery and Corruption Policy on 24 August 2020. The Group also constantly monitors breaches of unfair trade practises and ethical and fair business conduct is to be strictly adhered to by all employees. The following policies are available at www.kssc.com.my under the Corporate Overview section:

- Code of Ethics and Conduct
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy

Our Group communicates these policies to our stakeholders, including our employees and subsidiaries, to comply with the provisions of documents at all times, through various modes of communication, i.e., internal memo and emails.

Anti-Bribery and Corruption Risk Management

GRI205-2

Our Group determines, evaluates, and manages corruption-related risks regularly. At the end of each financial year, our ARMC will analyse risks related to fraud and corruption. The Group will evaluate its business processes and focus on those areas that are particularly prone to corruption risk, and carefully assesses existing controls and procedures in these areas. The Group will also continue to review its policies annually. The main documents regulating anti-bribery and corruption are:

- Anti-Bribery and Corruption Policy; and
- Whistleblowing Policy.

Raising Awareness of Ethical Business Conduct

Awareness is vital to preventing business misconduct, in particular, fraud, corruption and bribery. Therefore, the Group constantly remind stakeholders, including employees, business partners about the principles of business conduct.

Our Group posts anti-bribery and corruption policies and procedures on the company official website and the documents are made available to all stakeholders. At the same time, to ensure that employees are well-versed with the corporate behaviour standards and fully aware of the consequences of engaging in bribery and corruption, the Group has provided anti-bribery and corruption training for the management team, executives, and administrative staff.

Among the topics covered by the trainings were “GEHTDS” collectively refers to Gifts, Entertainment, Hospitality, Travel, Donation and Sponsorship that is deemed acceptable to the Group, and always consult with respective managers whenever in doubt.

Our Group has a whistleblowing policy for stakeholders to raise their concerns and this policy is also available on the company website. The Group has informed all its business partners on ethical business conduct and all suppliers must be acquainted with the Group’s corporate principles relating to Anti-Bribery and Corruption Policy.

Whistleblowing Reporting

GRI205-3

Our Group encourages all stakeholders to report any suspicious activities through the Group’s whistleblowing channels. For convenience, the stakeholder can raise their concerns through several whistleblowing channels as listed below:

Group Managing Director/Chief Executive Officer – Letter must be delivered to the Group Managing Director/Chief Executive Officer Office or email to be sent to their office email addresses. Meanwhile, a copy the letter is to be sent to the Chairman of the ARMC.

The Chairman of ARMC – Letter must be sent to the external Company Secretary Office and email to be sent to a dedicated email address maintained by the external Company Secretary.

Our Group is pleased to report no incidents of corruption and fraud received during the FYE 2021.

Communication Channels and Mechanisms

Our Group uses various communication channels to engage with our stakeholders to ensure a two-way dialogue, and to allow stakeholders to provide feedback.

For example, during pandemic COVID-19, the Group deploys the use of various internet technologies to improve communication with stakeholders, including online meetings. The table below lists both the means of communication channels internally and externally.

Stakeholder Engagement

GRI102-43, GRI102-42

Our Group constantly engages with various stakeholders to understand their needs and expectations as shown in the table below. In our business processes, we endeavour to accommodate the interest and concerns of stakeholders, comply with the Government authorities' guidelines, contractual obligations and most important of all to uphold and respect human rights.

Cooperation with our stakeholders and creating value for them is a significant part of achieving our strategic goals. Our overall key priorities are driven by market conditions and sound business fundamentals. Therefore, we focus on several groups of stakeholders identified below:

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Customers (existing and potential)	Frequency: Ongoing Type: Awareness program, One to one engagement, Marketing materials,	• Quality of product • Late delivery • Product defects • Re-engage with customers and avoid repetition of mistakes • Product prices and values	• Quality management system • Competitively price against our competitors • Quality assurance and reunion program
Employees	Frequency: Regular, ongoing Type: Knowledge sharing sessions, Internal customer engagement programme, Internal customer satisfaction survey, Innovation Accelerator Programme	• The well-being of the Company and job security • Staff welfare and benefits • Safety environment at work • Work competency	• Staff engagement programmes Implementation of Environment Safety & Health ("ESH") programmes involving employees • Job-related training and workshops
Suppliers	Frequency: Occasional Type: Performance review meetings, workshops, coaching for compliance	• Compliance issues • Tender prices and payments • Cost efficiency and introduction of products • Workers quarters • ESH	• Engagement with suppliers during Safety Day and assurance audit • Constant and regular communications • Process improvement • Engage and share concerns with relevant parties • ESH roadshow, ESH elements in tender and contract documents
Investors and financiers	Frequency: Annual, quarterly Type: Annual general meeting, quarterly results announcement, press conference, targeted briefing, meetings	• Legal compliance • Financial performance at the expense of environmental/social well-being • Business risks • Soft market conditions • Negative public perception	• Monthly reporting and regular audit • Engagement with investors & sharing of strategy Rolling out diversified affordable products
Business partners	Frequency: Ad hoc Type: Meetings, discussions, functions, product launches	• Payment • Terms of reference • Appraisal • Human rights • ESH	• Standard Operating Procedure (SOP) • Proper SOP for monitoring and tracking • Audit and using e-tendering • Benchmarking
General public	Frequency: Ad hoc Type: Dialogue, meetings, engagement	• Environmental impact to communities	• Engage with experts and explain via reporting, environmental conservation activities (e.g., tree planting)
Governments and regulators	Frequency: Ad hoc Type: Meetings, pre-consult submission, periodical monitoring reporting	• Customer rights • Compliance	• Responsible reporting and marketing communications • Monitoring of compliance (e.g., legal checklist)

DEVELOPING OUR EMPLOYEES

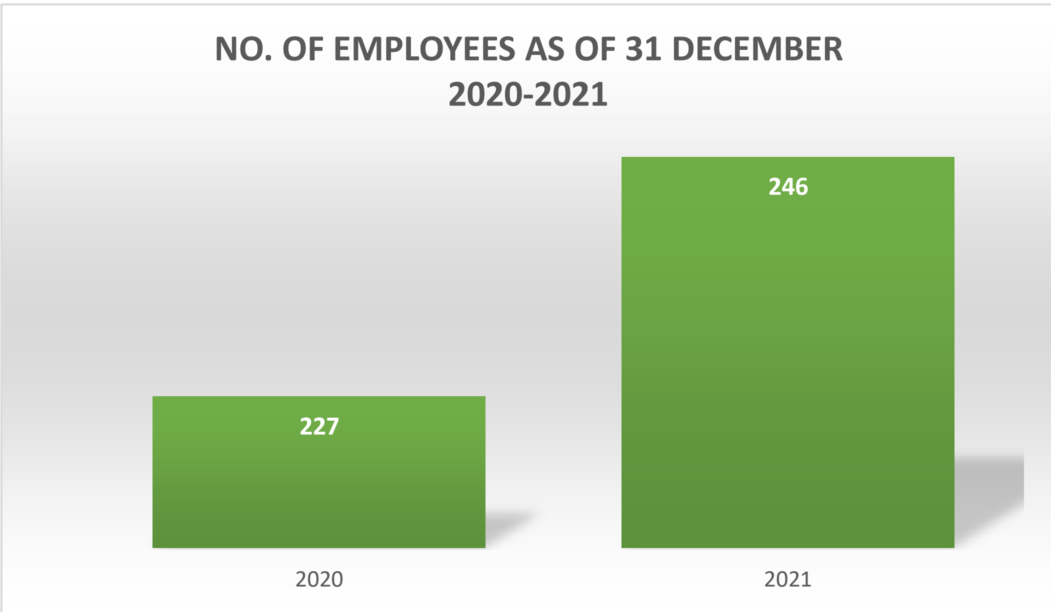
Our Group places great importance on our employees' welfare and always encourages the employees to adapt and improve according to the business environment and needs.

Therefore, we worked closely to ensure the effectiveness of our personnel development practices, including those relating to employee recruitment, retention, training and development, performance management, improving employee engagement and developing internal social programmes. In addition, we also provide equal career opportunities to all our employees.

The following Human Resource chart depicts the importance of our Talent Capital Development department and its reporting structure.

Workforce Structure

The workforce headcount as of 31 December 2021 is 246. Compared to the previous year, the Group's headcount grew by 8.4%. This increase in headcount is due to an expansion in the sales team.



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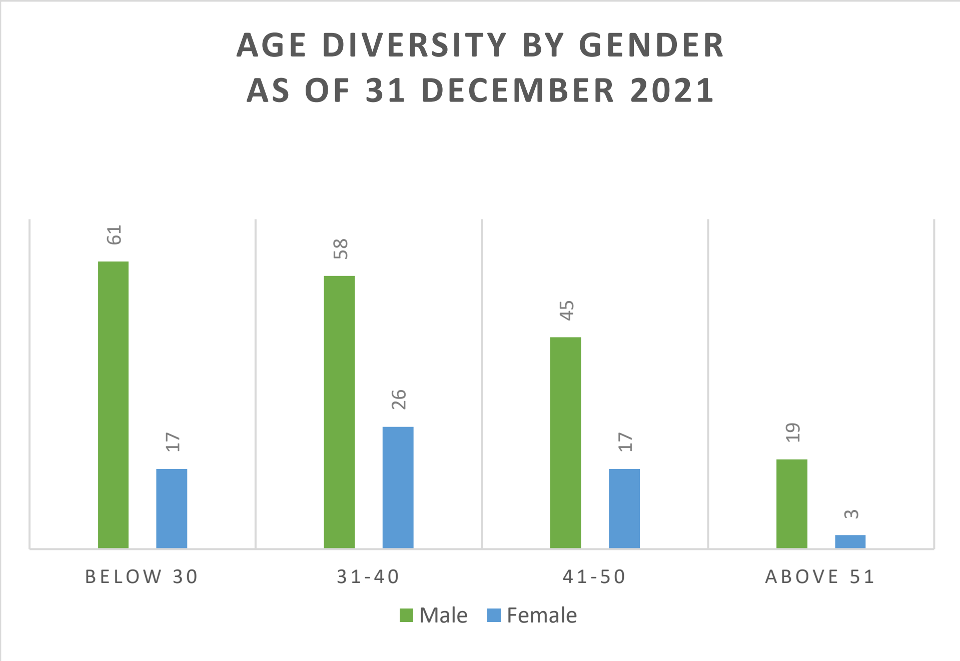
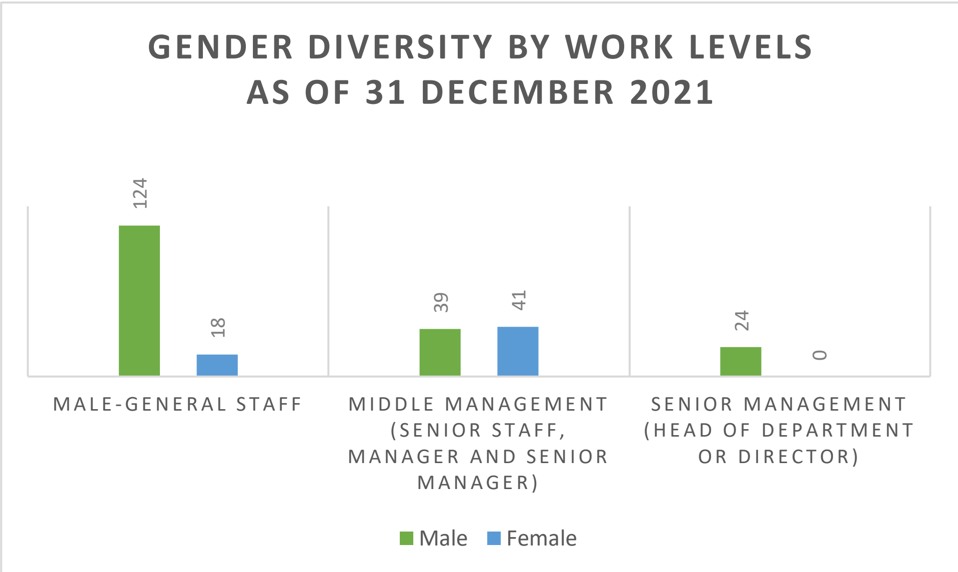




66% of the total employees are below 40 years of age. This provides a vibrant and vigorous workforce to prepare the Company to scale to the next level. Of the total employee population, 33% are in middle management, 9.8% are in senior management. The balance is in the general staffing category.

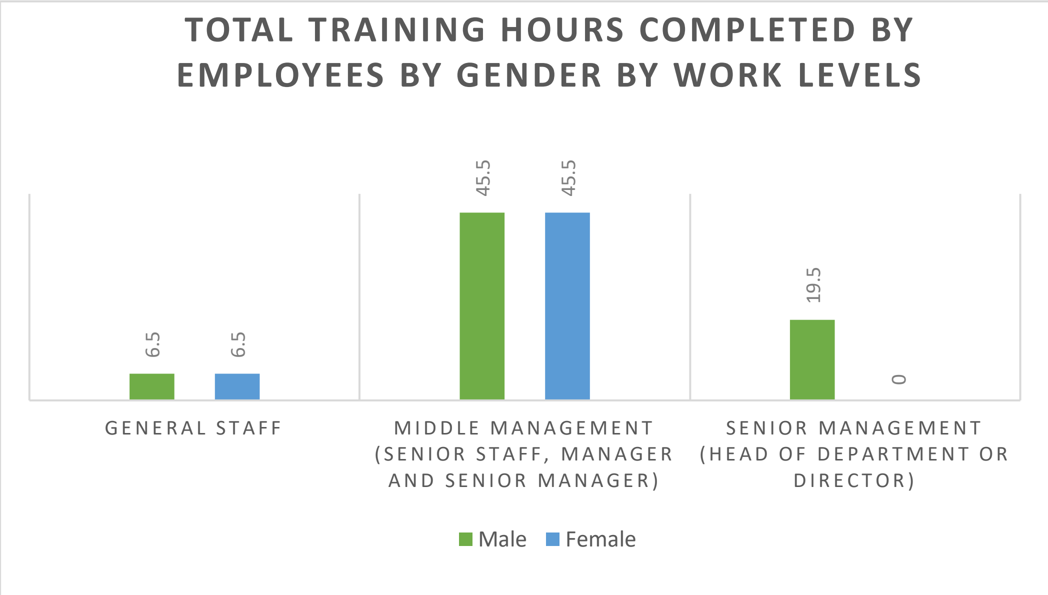
51% of the middle management are female, whereas there is no female staff in the senior management. Potential female staff can be coached and mentored from the middle management team to be promoted to the senior management level.

Recruitment and Adaptation

Our Group wants to ensure that all our employees are equipped with the necessary skills and knowledge to adapt successfully in the Company. The Group wants to optimise and realise the employees' full potentials from an early stage. There are rooms for improvement to plan and encourage all levels to upskill, keep ahead of the trend of the industry, with the necessary industrial know-how.

Total training hours can be further improved with the pairing of suitable courses and those which are relevant for the work skillset in which the employees are currently focusing on and those that they may need in the near future.

The Group may consider developing a group of executive-level employees, to groom them to be middle management in due time.
GRI404-1



Recruitment

To continuously grow the Company, in 2021, the Group focuses on attracting new talents to meet the growing demand for local skills in the stainless-steel industry. Human Resource Department would need to follow closely with the business direction of the Group, so that they too can play a more active role in generating the job description for a position, getting the suitable candidates from the intended market and complete the on-boarding process, together with the input from the hiring managers.

As such, Human Resources need to adapt to the new HR landscape: advances in recruiting process, the implementation of big data in talent management, and the ever-presence of millennials in the workplace.

Human Resource will be an important department and will play a significant role in sustainability to ensure the Group is compliant with ever-changing & complex labour laws, new demands from the younger workforce and the adaptation of more technology solutions in the workplace.

Motivation and Engagement

GRI401-2

Effective communication channels will help the Group to have a better understanding of employee engagement on their perception of financial and non-financial benefits from the Group. We aim to create a conducive working environment and drive operational efficiency. This in turn allows us to have better growth and create more value for the employees.

Financial Motivation

Our Group aims to have a remuneration system which is fair & equitable for all our employees. The Company's pay scale system is constantly updated and improved along with the current laws and regulations, to be relevant and attractive enough to attract the right talents for the Company. The new remuneration system will cover both fixed, contractual, intern and part-time employees across the organization.

Our Group's bonus system is based on its extensive evaluation methodology and bonus, at the discretionof the management. Our Group will continue to evaluate ***best practices*** in drafting the framework for the remuneration system.

Non-Financial Motivation

GRI401-2

Our Group offers employees a broad & extensive non-financial compensation package that complies with current laws and regulations, and forms part of the total remuneration package. Our employees received statutory pension contribution (EPF), medical benefits and allowances entitlement under the Employment Act. The Group provides annual leave, medical leave, compassionate leave, maternity and paternity leave and marriage leave. The Group also provides group personal accident insurance to all employees.

Social and Labour Conditions

During the COVID -19 pandemic, we, like the rest of the nation, have to balance between the well-being of our employees and the survival of the business. Our Group took several initiatives to ensure we achieve both objectives. We initiated the following measures to ensure minimal business interruption during the COVID-19 pandemic.

- Enforce working from home measures for management personnel.
- Suspension of employees' foreign business trip.
- Mandatory self-isolation at home as per the guidelines without loss of pay for employees who were identified as closed contacts with COVID-19 patients.
- Limitation of access and contact with external consultants and contractors to our Group's premises.
- Handling business remotely with the use of video conference systems.
- Sanitizing common areas and temperature checking for those who came to work
- Regular sanitizing of Company's office premises.
- Installation of registry for contact tracing and temperature checks for all employees, visitors, and contractors coming to the office and our manufacturing plants
- Providing adequate personal protective equipment (PPE), e.g., facemasks and face shields.
- Conducting multiple COVID-19 testing using RTK antigen and RT PCR Tests.

Learning and Development

GRI404-2

The learning and development programme at our Group was temporarily postponed due to the pandemic, and we will explore other opportunities for our employees to continually enhancing their skills levels, through personnel development and other specific workshops, via online learning, for example.

We believe in instilling discipline; character building and employee knowledge are an essential part of a company's success. Total number of hours trained by the Group is 8 hours per employee.

Human Rights

GRI404-1

The Group is developing a formal policy on human rights. However, we are constantly on the lookout for any violation of human rights in our business operations, in accordance with the United Nations' Universal Declaration of Human Rights as a basis for the Group to detect and rectify any human rights violations, and we pay special attention to this, due to the diversity of personnel in our Group.

Our Group has not conducted any supplier assessment on the human rights accord but will strive to do it in the next financial reporting year. All types of modern slavery, including child labour, forced labour, and human trafficking are violations of human rights and are strictly prohibited, both within the Group and on the part of our suppliers. The Group will continue to do its due diligence on its suppliers to ensure that they have strictly complied with the relevant act on matters pertaining to human trafficking.

Our Group is committed to adopting the Children and Young Person Act (Employment) 1966, Malaysia. GRI408-1. The Group does not employ minors under the age of 18 years due to the hazardous environment with heavy machinery.

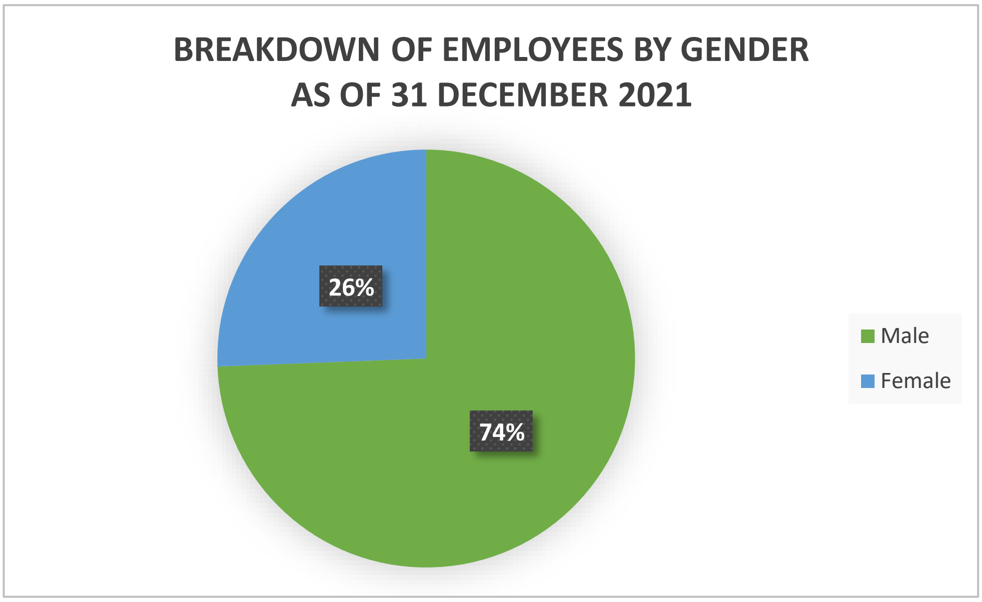
Workforce Diversity

Our Group appreciates how workplace diversity is a natural phenomenon especially in the era of globalization. The Group does not have any diversity policy in place yet and aim to have one by the next financial reporting year. However, the Group does not discriminate against any gender or ethnicity etc. This policy with the human rights policy will be made available on our official website before the next financial reporting period.

Our Group is committed to creating a diversified workplace environment that is free from discrimination of any kind. All work-related decisions on current and potential employees are made based only on their professional skills, qualities, experience and abilities. Decisions made on any grounds other than an employee's performance (including race, ethnic origin, gender, religion, political views, nationality, age,sexual orientation, citizenship status, marital status, disability etc.) are strictly prohibited and contravene our internal non-discrimination principles.

The low percentage of women working in our Group is due to the hazardous working environment and the Group adheres to the current Guidelines on Reproductive Health Policy & Programme at the workplace issued by the Department of Occupational Safety and Health, under the Ministry of Human Resources. We believe in providing an equal opportunity for women; therefore, we take great pride in providing a safe workplace for women.

GRI405-1, GRI102-8

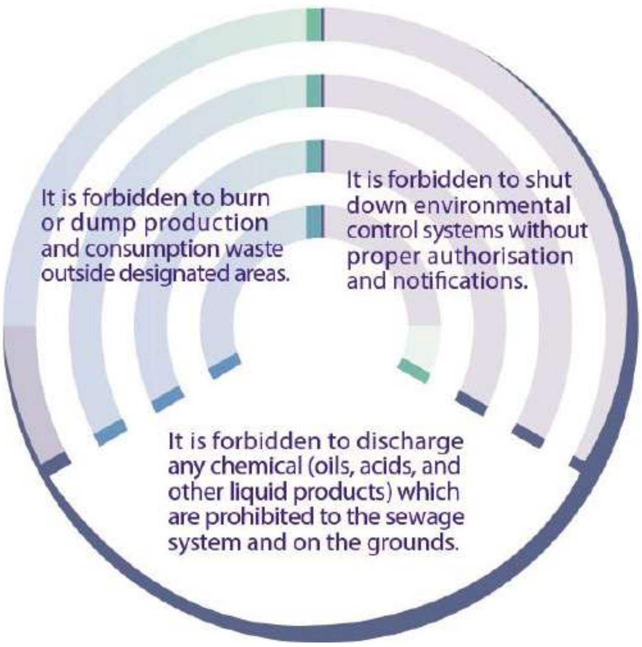


Our Group does not discriminate salaries between men and women. We believe in equal opportunity regardless of gender. GRI405-2

Health, Safety, and Environment

Environment Management

As a stainless-steel fabricator, our Group recognises that continuous growth in its production capacities could create significant environmental challenges and obligations. To manage business operations responsibly, the Group has proposed the reduction of adverse environmental impacts to be its primary goals. The Group's medium and long-term goals are to reduce the potential negative effects of our day-to-day activities, to provide a safe environment in our place of business operations and the surroundings.



We aim to comply with all applicable environmental regulations and to meet the expectations of our stakeholders.

In line with our Health, Safety, and Environment (HSE) policy, our Group will use appropriate technology to complement the complexity of today's environmental practices. During the reporting period, the Group has no non-compliance with environmental breaches.
GRI307-1

Environmental Strategy

Our Group environment committee has identified several key environmental issues as listed in the table below. The Group is committed to developing sustainable business practices and implementing environmental principles into each of our business operations. The Group will deploy all available technology to prevent and minimise the effect of climate change.

Our Group will also focus on greenhouse gas ("GHG") emissions and waste management in all our manufacturing processes. And will set an absolute target towards the reduction of GHG. As a major stainless-steel player in the country, our Group will develop an environmental strategy over the next 5 years to prepare the Group to meet its target to reduce its Scope 1 and Scope 2 GHG emissions wherever possible. The table below shows the intended target to reduce Scope 1 and Scope 2.

Area of Assessment	Five-year target (2021-2025)	2020 results (Baseline) (Units)
Scope 1 **Scope 2**	To review and set reduction of 2% per annum.	2019 Baseline Units
Carbon dioxide ("CO2")	Maintain an intensity ratio of fewer than two tonnes of carbon dioxide equivalent (tco2e) per tonne of crude steel production and 10% reduction over the next five years.	2019 Baseline Units

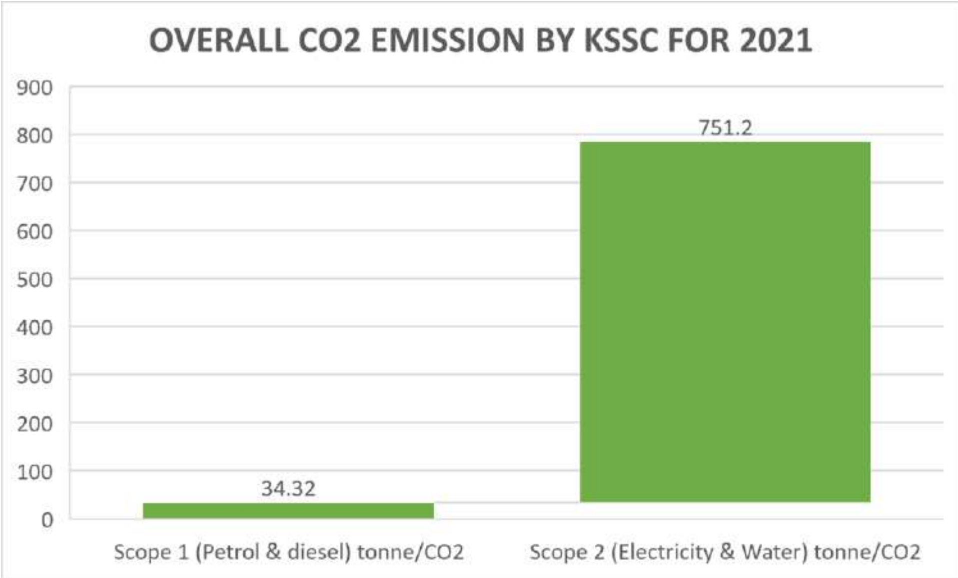
Lowering Air Emissions

Our Group's production of stainless-steel products will inevitably be accompanied by some air emissions which potentially can impact the environment and human health. The Group does not record any air emissions due to the unavailability of data. The Group will prepare to report its air emissions in the next financial reporting year.

CO2 Emission

For Scope 1 (Petrol & Diesel) usage, the Group generated total 34.32 tonne of GHG (Green House Gases) emissions per annum, whereas for Scope 2 (Electricity & Water) usage, contributed 751.2 tonne of GHG emission.

The Group will identify areas of improvement to reduce the number of emissions and will set targets on CO2 emission.



Malaysia is a signatory party to both the Kyoto Protocol (12 March 1999) and the Paris Agreement (22 April 2016) (Retrieved from United Nations Climate Change, https://unfccc.int/node/61107). Malaysia's Intended Nationally Determined Contribution of the Government of Malaysia (INDC, Malaysia) will reduce CO2 emission unconditionally by 35% and a further 10% is a condition upon receipt of climate finance, technology transfer and capacity building from developed countries. In supporting Malaysia's goals to climate change, the Group will do its part to reduce its CO2 emission and undertake to reduce its CO2 emission targets as stipulated by INDC.

Climate Change

GRI201-2

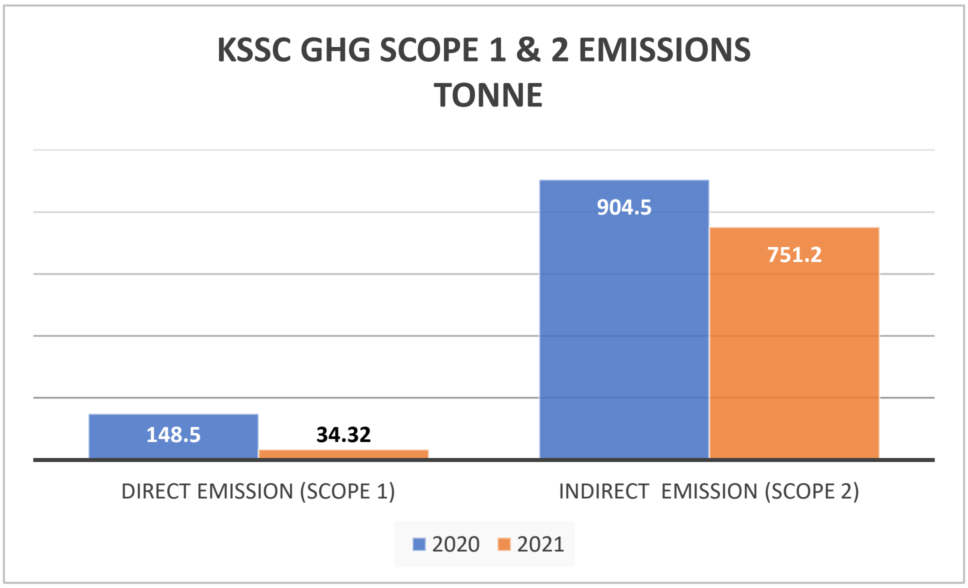
In response to climate change, being a responsible producer, the Group will improve its focus on climate change processes and address issues that may require a significant amount of reduction in GHG emissions in its production.

To reduce impacts on the climate and to lessen the related risk, our Group will support initiatives by the Government of Malaysia in their goals to reduce GHG by 35% before 2030. The Group will undertake to study assessments on how to mitigate and reduce the GHG emission.

Our Group adheres to the requirements of the 2006 Intergovernmental Panel on Climate Change (IPCC 2006) and the World Resources Institute GHG Protocol Corporate Accounting and Reporting Standard and applies the following approach to GHG emissions accounting.

Our Group reports GHG emissions for both segments of the business in tonne/CO2 calculated using the IPCC 2006 global warming principles. The chart below shows the amount of GHG emissions as a result of the Group production. GRI305-5

GRI305-1, GRI305-2



Boosting Energy Efficiency

One of our Group's major costs is energy consumption. For many years, the Group has constantly sought to reduce energy consumption at our production facilities. The Group energy consumption, like any major production facility rises with the increase in production output or the release of energy from the metal forming and polishing processes.

The energy intensity level for our Group is one of the key drivers for our energy efficiency programmes. Measures taken to boost energy efficiency include:

- Minimise errors in product specifications and enhancing quality to prevent loss of energy by reforming.
- Ensuring production error is minimised to prevent rejection by customers.

The Group does not have any energy intensity key performance target as yet but will look into drafting an energy policy soon to address issues relating to GHG emissions and ultimately lead to climate change.
GRI305-4

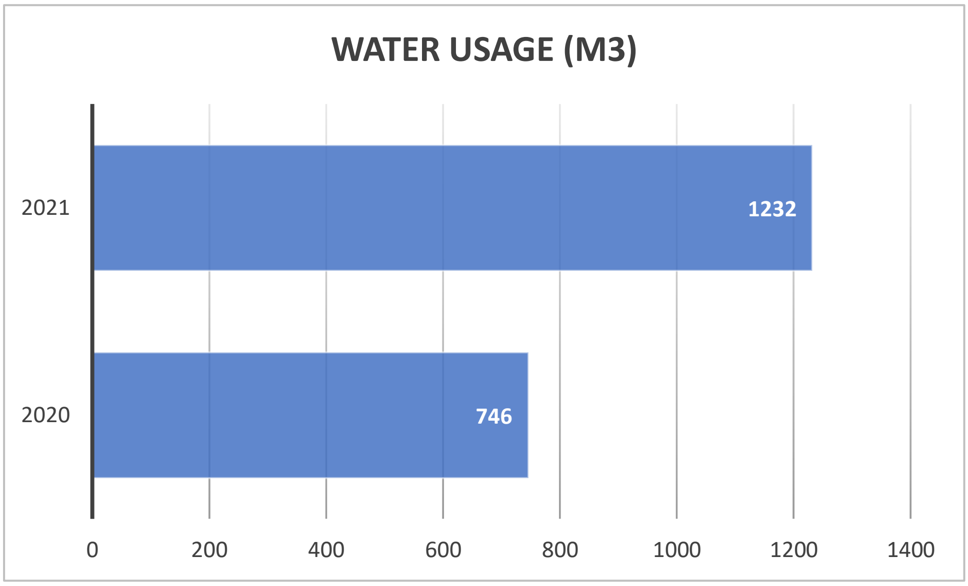
Balancing Water Supply

GRI303-1

Our Group business operations require significant volume of water, about 5.5 million litres for our production needs. However, to further protect our environment, the Group will aim to encourage more efficient use of domestic water, and during production and practise water saving habits among our employees.

Freshwater resources have significant environmental and economic importance to our world. The Group will continue to lower our usage of water and where applicable, the Group will utilise rainwater for non-consumption purposes such as watering the plant, cleaning of the factory etc. The table below depicts the Group minimum GHG Emissions of freshwater.

Our Group generated 25.44 tonne/CO2 in 2021 from water usage.



Waste Management

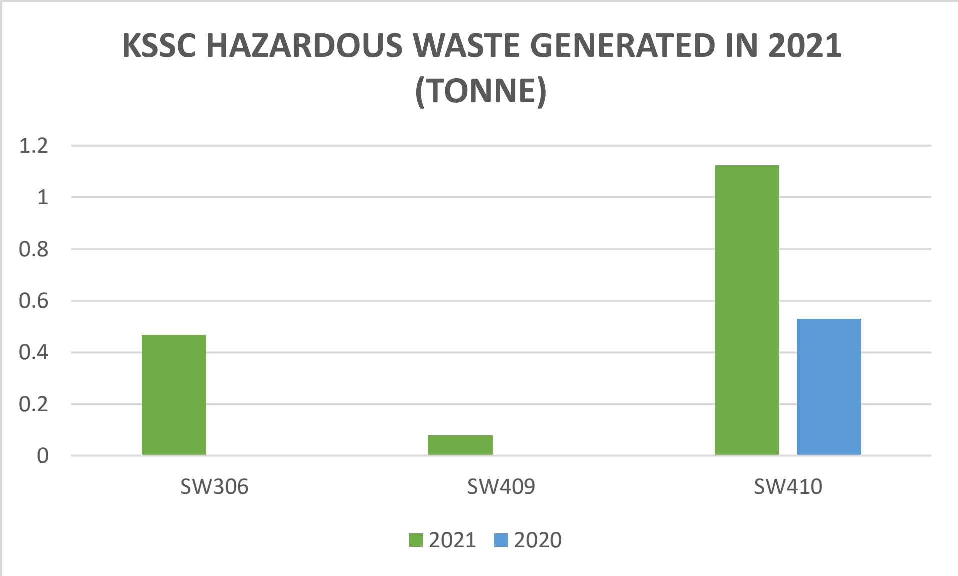
During the stainless steel-forming operations, the Group generates several types of waste. The following are the Group schedule waste as listed below:

Waste Code	Schedule Waste Item	Handling Method
SW306	Spent hydraulic Oil	Outsource to a licensed contractor for disposing
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oils or scheduled wastes.	Outsource to a licensed contractor for disposing
SW410	Contaminated gloves, rags, plastics	Outsource to a licensed contractor for disposing

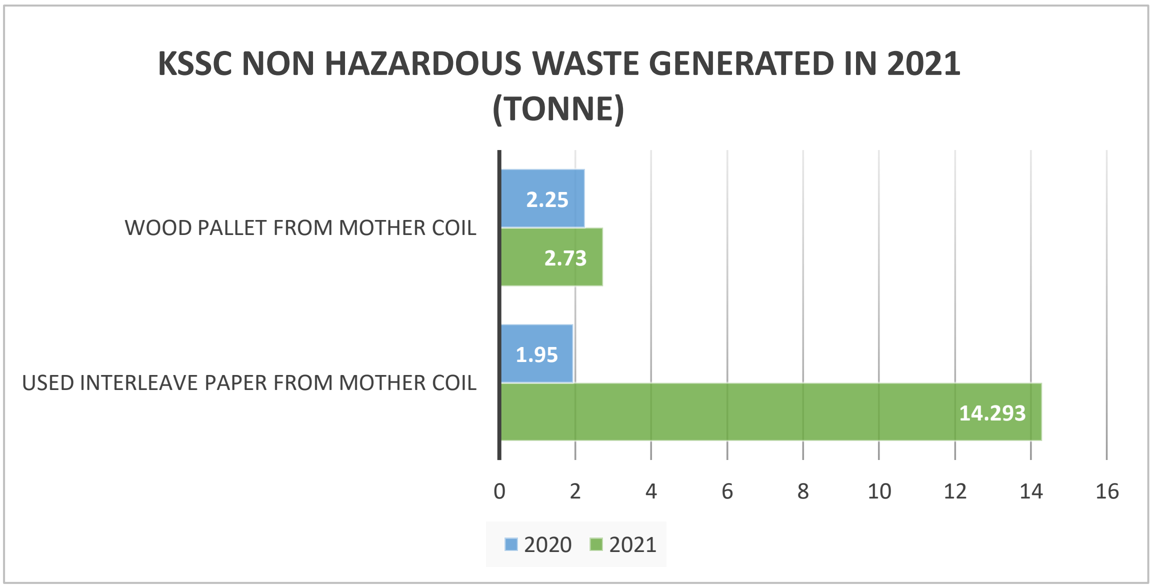
The Group aims to reduce, reuse and recycle its waste according to the Department of Environment as per the schedule waste code shown above. The Group will ensure that all its waste is properly handled, labelled, store and disposed of according to regulations. All scheduled waste and non-scheduled waste are disposed of by licensed contractors.

The Group has its environment team handle all scheduled waste as per regulation guidelines and will strive to adopt best practices in handling its waste.

GRI306-2



The Group generates about 0.5 tonne SW306, 0.08 tonne SW409 and 1.124 tonne SW410 of hazardous waste in 2021.



Goals for 2022 and the Mid-Term Period for Waste Management

The management will look into a detailed waste management program in the next financial reporting and strive to improve its existing scheduled waste system and optimise its resources.

Supporting Local Communities

Management Approach

GRI413-1

Our Group aims to build positive and sustainable partnerships with local communities wherever we operate, by adhering to the best international standards of sustainable development and actively engaging with local communities. The Group does not have a formal approach in engaging with local communities, but our Group has been supporting various education, social-economic programmes for university students over the years.

All of the Group's social investments are made voluntarily. The Group strictly abides by the Anti-Bribery and Corruption Policies on social and gifts investment guidelines.

Local Community Support

GRI203-1

In 2021, the Group did not organise any activities with the local communities for their safety, to reduce contact. With the improvement of the condition and the country also moving towards endemic, the Group would want to engage with them for community-building activities and programmes, in near future.

Responsible Supply Chain

GRI102-9

Our Group aims to have a responsible and efficient supply chain management to ensure business continuity and to support sustainable operations throughout the entire value chain. In our business practises, it is important for the Group to develop a sustainable approach to our supply chain and adhere to applicable laws in the places we operate.

Our Group strategic goal is to become the leader in the secondary stainless-steel products in terms of:

- Purchasing quality products at competitive prices.
- Managing purchasing costs to ensure no disruption in our supply chain.

Our Group will continue to make efforts to enhance the quality and efficiency in procurement processes as part of our major goal of integrating sustainability aspects into supply chain management. For 2021, and the medium-term actions to facilitate improving the supply chain were:

- Upgrading the Supply Chain and Procurement Policy.
- Optimisation of distribution.
- Conducting benchmark analysis on supply chain procurement and implementing best practices.

Appendix 1 – GRI Content Index

GRI102-55

GRI Indicator	Disclosure	Description	Comments/ Omissions
GRI 102 General disclosures			
1. Organisational profile			
GRI 102–1	Name of the organisation	About KSSC, Pg 64	
GRI 102–2	Activities, brands, products, and services	About KSSC, Pg 64	
GRI 102–3	Location of headquarters	About KSSC, Pg 64	
GRI 102–4	Location of operations	About KSSC, Pg 64	
GRI 102–5	Ownership and legal form		K. Seng Seng Corporation Berhad
GRI 102–6	Markets served	About KSSC, Pg 64	
GRI 102–7	The scale of the organisation	About KSSC, Pg 64	
GRI 102–8	Information on employees and other workers	Human rights, Pg 82	Total number of employees by an employment contract, (permanent and temporary) is disclosed by gender only.
GRI 102–9	Supply chain	Responsible Supply Chain, Pg 88	
GRI 102–13	Membership of associations	Memberships of associations, society and institutions, Pg 72	
2. Strategy			
GRI 102–14	Statement from senior decision-maker	Message from the Group Managing Director, Pg 62	
3. Ethics and integrity			
GRI 102–16	Values, principles, standards, and norms of behaviour	Ethics and business conduct, Pg 72	
4. Governance			
GRI 102–18	Governance structure	KSSC sustainability structure, Pg 70	
		Ethics and business conduct, Pg 72	
5. Stakeholder engagement			
GRI 102–40	List of stakeholder groups	List of stakeholders groups, Pg 75	
GRI 102–41	Collective bargaining agreements	Communication channels & Mechanism, Pg 74	
GRI 102–42	Identifying and selecting stakeholders	Stakeholder engagement, Pg 74	
GRI 102–43	Approach to stakeholder engagement	Stakeholder engagement, Pg 74	
6. Reporting practice			
GRI 102–45	Entities included in the consolidated financial statements	Reporting boundaries, Pg 67	
GRI 102–46	Defining report content and topic boundaries	Identification of material topics, Pg 67	
		About this Report, Pg 67	
GRI 102–47	List of material topics	Identification of material topics, Pg 68	
GRI 102–48	Restatements of information		No significant restatements of information were made.
GRI 102–49	Changes in reporting		No significant changes from previous reporting periods in the list of material topics and topic, boundaries were made
GRI 102–50	Reporting period		Annually

GRI 102–51	Date of the most recent Report		11 April 2022
GRI 102–52	Reporting cycle		
GRI 102–53	Contact point for questions regarding the Report	Contact Information, Pg 69	
GRI 102–54	Claims of reporting in accordance with the GRI Standards	About this Report, Pg 67	
GRI 102–55	GRI content index	Appendix 1 – GRI Content Index, Pg 89	
GRI 102–56	External assurance	Appendix 5 – Independent assurance report	NOT APPLICABLE
Material Topics			
GRI 200 Economic			
GRI 201 Economic performance			
GRI 103	Management Approach	Direct economic value generated and distributed, Pg 71	
GRI 201–1	Direct economic value generated and distributed	Direct economic value generated and distributed, Pg 71	
GRI 201–2	Financial implications and other risks and opportunities due to climate change	Climate change, Pg 84	
GRI 202 Market presence			
GRI 103	Management Approach	Motivation and engagement, Pg 79	
GRI 202–1	Ratios of standard entry-level wage by gender compared to local minimum wage		no data were collected for this.
GRI 203 Indirect economic impacts			
GRI 103	Management Approach	Local communities support projects, Pg 88	
GRI 203–1	Infrastructure investments and services supported	Local communities support projects, Pg 88	
GRI 203–2	Significant indirect economic impacts		No data were collected for this
GRI 204 Procurement practices			
GRI 103	Management Approach	Management approach	
GRI 204–1	The proportion of spending on local suppliers	Contribution to the prosperity in areas KSSC operates, Pg 71	Majority of sales are within Malaysia
GRI 205 Anti-corruption			
GRI 103	Management Approach	Ethics and business conduct, Pg 72	
GRI 205–2	Communication and training about anti-corruption policies and procedures	Ethics and business conduct, Pg 73	
GRI 205–3	Confirmed incidents of corruption and actions taken	Ethics and business conduct, Pg 73	
GRI 300 Environmental			
GRI 302 Energy			
GRI 103	Management Approach	Boosting energy efficiency	
GRI 302–1	Energy consumption within the organisation	Boosting energy efficiency	Energy consumption is disclosed for a limited number of enterprises that are stated in the text of the relevant section.
GRI 302-3	Energy intensity	Boosting energy efficiency	Insufficient data were collected this round.
GRI 303 Water			
GRI 103	Management Approach	Health, safety, and environmental governance	
		Balancing water supply, Pg 85	

GRI 303–1	Interactions with water as a shared resource	Balancing water supply, Pg 85	
GRI 303–2	Management of water discharge-related impacts		
GRI 303–3	Water withdrawal		
GRI 303–4	Water discharge		
GRI 303–5	Water consumption		
GRI 305 Emissions			
GRI 103	Management Approach	Health, safety, and environmental governance, Pg 84	
		Reducing air emissions	
GRI 305–1	Direct (Scope 1) GHG emissions	Climate change, Pg 85	
GRI 305–2	Energy indirect (Scope 2) GHG emissions	Climate change, Pg 85	
GRI 305–4	GHG emissions intensity	Climate change, Pg 85	The intensity of GHG emissions is calculated as GHG emissions (kg CO2) divided by consolidated revenue, broken down by the reporting segments.
GRI 305–5	Reduction of GHG emissions	Climate change, Pg 85	In 2021, KSSC operations demonstrated an increase in GHG emissions both in Scope 1 and Scope 2 due to higher steel production
GRI 305–7	Nitrogen oxides (NOX), sulphur oxides, (SOX), and other significant air emissions		
GRI 306 Effluents and waste			
GRI 103	Management Approach	Health, safety, and environmental governance, Pg 86	
		Waste stewardship	
GRI 306–2	Waste by type and disposal method	Waste management, Pg 87	The information is disclosed for the following: — total non-mining waste and by-product generated by KSSC enterprises — shares of waste generated and received
GRI 306–3	Significant spills		During the reporting period, no significant environmental accidents occurred at the Group's enterprises
			Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities
GRI 307 Environmental compliance			
GRI 103	Management Approach	Health, safety, and environmental governance, Pg 82	We make efforts to be compliant with all applicable environmental regulation and consistent with the expectations of our stakeholders.
		Environmental management	
		Management approach, Pg 82	
GRI 307–1	Non-compliance with environmental laws and regulations	Environmental management, Pg 83	No penalty for KSSC
GRI 400 Social			
GRI 401 Employment			
GRI 103	Management Approach	Employees, Management approach, Pg 76	
GRI 401–1	New employee hires and employee turnover	Employee turnover, Pg 76	Employee turnover is disclosed by reporting segments only

GRI 401–2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees**	**Motivation and engagement, Pg 79**	**KSSC provides the same benefits both to local and foreign**
		Non-Financial Motivation, Pg 79	
GRI 403 Occupational health and safety			
GRI 103	Management Approach	Health, safety, and environmental governance, Pg 82	
GRI 403–1	Occupational health and safety management system		
GRI 403–2	Hazard identification, risk assessment, and incident investigation		
GRI 403–3	Occupational health services		
GRI 403–4	Worker participation, consultation, and communication on occupational health and safety		
GRI 403–5	Worker training on occupational health and safety		
GRI 403–6	Promotion of worker health		
GRI 403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
GRI 403–8	Workers covered by an occupational health and safety management system		Despite the fact that only the main enterprises of the Group are certified for compliance with Health and Safety management, ISO 45001 by an occupational health and safety management system.
GRI 403–9	Work-related injuries		Injury rates are not included data on contractors as the number of hours worked is not recorded.
GRI 403–10	Work-related ill-health		Treating occupational diseases. There are no available statistics on the number of fatalities as a result of work-related ill-health.
			The Group doesn't collect data on contractors.
GRI 404 Training and education			
GRI 103	Management Approach	Learning and development	
GRI 404–1	Average hours of training per year per employee	Learning and development, Pg 78	
GRI 404–2	Programmes for upgrading employee skills and transition assistance programmes	Learning and development	
GRI 405 Diversity and equal opportunity			
GRI 405	Management Approach	Human rights, Pg 81	
GRI 405–1	Diversity of governance bodies and employees	Human rights, Pg 81	
GRI 405–2	Ratio of basic salary and remuneration of women to men	Human rights, Pg 82	
GRI 413 Local communities			
GRI 103	Management Approach	Community relations, Management approach	
GRI 413–1	Operations with local community engagement, impact assessments, and development programmes	Local community, Management approach, Local community support projects, Pg 88	

Legal Disclaimer

This Report contains forward-looking statements concerning the financial condition, results of operations and businesses of the Group. All statements other than statements of historical fact are, or may be deemed to be forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside the Group's control. These include changes in the political, social and regulatory framework in which the Group will operate or in economic, technological trends or conditions; the success of the business and operating initiatives; the actions of regulators; legislative, fiscal and regulatory developments, including regulatory measures addressing climate change; the behaviour of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals or similar transactions; the outcome of any litigation; the risk of doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics. Other unknown or unpredictable factors could cause actual results and developments to differ materially from those in forward-looking statements.

Neither the Group nor any of its subsidiaries, provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Report will occur. Neither the Group nor any of its subsidiaries, undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. Each forward-looking Statement speaks only as of the date of this Report, i.e., 11 April 2022.

In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Report. No materials contained in this Report constitute an offer, solicitation or recommendation to purchase or sell securities, or make investments. Readers should not place undue reliance on forward-looking statements.

FINANCIAL INFORMATION

Financial Statements

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 11 and 12 to the financial statements respectively.

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

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	11,021,582	2,769,192
Attributable to:		
Owners of the Company	10,667,211	2,769,192
Non-controlling interests	354,371	-
	11,021,582	2,769,192

DIVIDEND

Since the end of the previous financial year, the Company paid a single-tier interim dividend of 1 sen per share on 115,200,000 ordinary shares amounting to RM1,152,000 on 24 September 2021 in respect of the financial year ended 31 December 2021.

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

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the year, the Company:

(i) issued 7,450,000 new ordinary shares at a price of RM0.485 per ordinary share pursuant to a private placement for working capital purposes.
(ii) issued 3,800,000 new ordinary shares at a price of RM0.535 per ordinary share pursuant to a private placement for working capital purposes.

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

DIRECTORS

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

Koh Seng Lee*	
Tsen Ket Shung @ Kon Shung*	
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	
Dr. Teh Chee Ghee	
Yap Chee Kheng	(Appointed on 13 August 2021)
Dato' Tin @ Tan Pek-Han	(Appointed on 3 January 2022)
Koh Yi Hao (Alternate director to Koh Seng Lee)*	(Appointed on 3 January 2022)
Chang Tian Kwang	(Appointed on 31 March 2022)
Lee Choon Wan	(Resigned on 31 December 2021)

* Directors of the Company and certain subsidiaries

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

Chia Ai Peng	
Chan Min Wai	(Appointed on 4 June 2021)
Chi On Kang	(Appointed on 1 November 2021)
Koh Wee Kheng	(Resigned on 31 October 2021)

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1 January 2021/ At date of appointment	Bought	Sold	At 31 December 2021
Direct interests:				
Koh Seng Lee	16,501,200	2,850,400	-	19,351,600
Tsen Ket Shung @ Kon Shung	364,400	200,000	(364,400)	200,000
Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	100,000	-	(100,000)	-
Yap Chee Kheng	7,960,700	597,300	-	8,558,000
Indirect interests:				
Koh Seng Lee	-	180,000*	-	180,000*

* Shares held through children

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for, any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

The auditors' reports on the accounts of the subsidiaries did not contain any qualification.

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

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 29 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 6 to the financial statements.

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

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

....

KOH SENG LEE
Director

....

TSEN KET SHUNG @ KON SHUNG
Director

Date: 11 April 2022

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	5	151,931,911	105,860,734	7,067,880	4,101,980
Cost of sales		(114,735,949)	(86,778,675)	-	-
Gross profit		**37,195,962**	**19,082,059**	**7,067,880**	**4,101,980**
Other income		1,234,610	482,205	3,214	135
Selling and distribution costs		(2,314,807)	(2,217,345)	(64,563)	(120,329)
Administrative costs		(15,697,150)	(10,350,174)	(4,212,418)	(3,622,129)
Net impairment losses on financial assets		218,474	(751,116)	-	-
Other costs		(4,321,056)	(3,953,479)	(594,618)	(478,863)
		(22,114,539)	(17,272,114)	(4,871,599)	(4,221,321)
Operating profit/(loss)		**16,316,033**	**2,292,150**	**2,199,495**	**(119,206)**
Finance income		14,122	37,251	565,855	555,445
Finance costs		(1,622,737)	(1,358,969)	(2,281)	(178,799)
Share of results of an associate, net of tax		174,860	241,436	-	-
Profit before tax	**6**	**14,882,278**	**1,211,868**	**2,763,069**	**257,440**
Income tax expense	**8**	(3,860,696)	(1,962,897)	6,123	(143,440)
Profit/(Loss) after tax, representing total comprehensive income/(loss) for the financial year		**11,021,582**	**(751,029)**	**2,769,192**	**114,000**
Profit/(Loss) attributable to:					
Owners of the Company		10,667,211	(997,587)	2,769,192	114,000
Non-controlling interests		354,371	246,558	-	-
		11,021,582	(751,029)	2,769,192	114,000
Earnings/(Loss) per share (sen):					
Basic	**9**	9.28	(1.04)		
Diluted	**9**	9.28	(1.04)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	**10**	13,755,878	12,665,801	6,242,406	6,133,758
Investment in subsidiaries	**11**	-	-	38,360,002	33,060,002
Investment in an associate	**12**	5,163,540	4,988,680	820,000	820,000
Trade receivables	**15**	-	-	-	-
Deferred tax assets	**13**	99,071	86,230	-	-
Total non-current assets		**19,018,489**	**17,740,711**	**45,422,408**	**40,013,760**
Current assets					
Inventories	**14**	70,787,668	53,668,286	-	-
Trade receivables	**15**	60,887,445	42,170,644	7,500	-
Other receivables, deposits and prepayments	**16**	7,887,311	4,631,554	204,151	146,656
Contract assets	**17**	2,460,154	1,884,843	-	-
Amounts due from subsidiaries	**18**	-	-	14,121,997	14,237,848
Current tax assets		456,927	708,256	328,726	164,413
Cash and short-term deposits	**19**	16,878,414	22,444,412	1,809,630	1,576,867
Total current assets		**159,357,919**	**125,507,995**	**16,472,004**	**16,125,784**
TOTAL ASSETS		**178,376,408**	**143,248,706**	**61,894,412**	**56,139,544**

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (CONTINUED)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	**20**	58,771,889	53,125,639	58,771,889	53,125,639
Retained earnings		37,361,443	27,846,232	1,875,879	258,687
		96,133,332	80,971,871	60,647,768	53,384,326
Non-controlling interests		1,896,325	1,541,954	-	-
TOTAL EQUITY		**98,029,657**	**82,513,825**	**60,647,768**	**53,384,326**
Non-current liabilities					
Borrowings	**21**	2,844,152	2,304,818	79,499	-
Deferred tax liabilities	**13**	367,036	267,891	191,552	163,364
Total non-current liabilities		3,211,188	2,572,709	271,051	163,364
Current liabilities					
Borrowings	**21**	54,143,739	34,905,144	20,572	-
Trade payables	**22**	12,981,507	7,924,196	-	-
Other payables and accruals	**23**	6,627,018	5,766,786	955,021	1,010,996
Contract liabilities	**17**	2,003,506	9,508,250	-	-
Amounts due to subsidiaries	**18**	-	-	-	1,580,858
Current tax liabilities		1,379,793	57,796	-	-
Total current liabilities		77,135,563	58,162,172	975,593	2,591,854
TOTAL LIABILITIES		**80,346,751**	**60,734,881**	**1,246,644**	**2,755,218**
TOTAL EQUITY AND LIABILITIES		**178,376,408**	**143,248,706**	**61,894,412**	**56,139,544**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		<-- Attributable to owners of the Company -->				
	Note	Share capital RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group						
At 1 January 2020		48,514,639	28,843,819	77,358,458	1,295,396	78,653,854
Loss after tax, representing total comprehensive loss for the financial year		-	(997,587)	(997,587)	246,558	(751,029)
Transaction with owners						
Issue of ordinary shares	**20**	4,611,000	-	4,611,000	-	4,611,000
At 31 December 2020		53,125,639	27,846,232	80,971,871	1,541,954	82,513,825
Profit net of tax, representing total comprehensive income for the financial year		-	10,667,211	10,667,211	354,371	11,021,582
Transactions with owners						
Issue of ordinary shares	**20**	5,646,250	-	5,646,250	-	5,646,250
Dividends paid to equity holders of the Company	**24**	-	(1,152,000)	(1,152,000)	-	(1,152,000)
At 31 December 2021		**58,771,889**	**37,361,443**	**96,133,332**	**1,896,325**	**98,029,657**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	<- Attributable to owners of the Company -> Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 January 2020		48,514,639	144,687	48,659,326
Profit after tax, representing total comprehensive income for the financial year		-	114,000	114,000
Transaction with owners				
Issue of ordinary shares	**20**	4,611,000	-	4,611,000
At 31 December 2020		53,125,639	258,687	53,384,326
Profit after tax, representing total comprehensive income for the financial year		-	2,769,192	2,769,192
Transaction with owners				
Issue of ordinary shares	**20**	5,646,250	-	5,646,250
Dividends paid to equity holders of the Company	**24**	-	(1,152,000)	(1,152,000)
At 31 December 2021		**58,771,889**	**1,875,879**	**60,647,768**

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit before tax	14,882,278	1,211,868	2,763,069	257,440
Adjustments for:				
Depreciation of property, plant and equipment	2,808,016	2,176,232	188,405	187,821
Property, plant and equipment written off	-	1,904	-	-
Gain on disposal of property, plant and equipment	(108,128)	(67,995)	-	-
Impairment loss on trade receivables	1,081,981	786,791	-	-
Reversal of impairment loss on trade receivables	(1,300,455)	(35,675)	-	-
Inventories written down	996,352	1,533,175	-	-
Finance cost	1,622,737	1,358,969	2,281	178,799
Dividend income	-	-	(3,000,000)	-
Finance income	(14,122)	(37,251)	(565,855)	(555,445)
Share of results of an associate	(174,860)	(241,436)	-	-
Unrealised loss on foreign exchange	-	224	-	-
Operating profit/(loss) before changes in working capital	**19,793,799**	**6,686,806**	**(612,100)**	**68,615**
Changes in working capital:				
Inventories	(18,115,734)	2,935,723	-	-
Trade and other receivables	(21,754,084)	(9,470,820)	(64,995)	2,501,047
Trade and other payables	5,917,543	(4,632,913)	(55,975)	(126,491)
Contract assets	(575,311)	(1,884,843)	-	-
Contract liabilities	(7,504,744)	9,508,250	-	-
Net cash (used in)/generated from operations, carried forward	**(22,238,531)**	**3,142,203**	**(733,070)**	**2,443,171**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities (Continued)				
Net cash (used in)/generated from operations, brought forward	**(22,238,531)**	**3,142,203**	**(733,070)**	**2,443,171**
Interest received	14,122	37,251	565,855	555,445
Income tax paid	(2,201,066)	(1,251,199)	(130,002)	(183,326)
Income tax refunded	-	115,103	-	115,103
Net cash (used in)/from operating activities	**(24,425,475)**	**2,043,358**	**(297,217)**	**2,930,393**
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,215,875)	(954,238)	(183,968)	(61,351)
Proceeds from disposal of property, plant and equipment	164,001	68,000	-	-
Additional costs of investment in an existing subsidiary	-	-	-	(50,000)
Placement of deposits with licensed banks	(1,009,085)	(24,550)	(1,009,085)	(10,586)
(Advances to)/Repayments from subsidiaries	-	-	(5,184,149)	310,566
Interest paid	-	-	-	(178,799)
Dividend received	-	-	3,000,000	-
Net cash (used in)/from investing activities	**(2,060,959)**	**(910,788)**	**(3,377,202)**	**9,830**
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	5,646,250	4,611,000	5,646,250	4,611,000
Net proceeds from/(repayment of) bankers' acceptances	18,118,177	10,882,958	-	-
Payment of lease liabilities	(1,574,801)	(1,456,562)	(13,014)	-
Repayment to subsidiaries	-	-	(1,580,858)	(7,021,100)
Dividend paid	(1,152,000)	-	(1,152,000)	-
Interest paid	(1,622,737)	(1,358,969)	(2,281)	-
Net cash from/(used in) financing activities	**19,414,889**	**12,678,427**	**2,898,097**	**(2,410,100)**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents		(7,071,545)	13,810,997	(776,322)	530,123
Cash and cash equivalents at the beginning of the financial year		20,941,781	7,130,784	1,115,085	584,962
Cash and cash equivalents at the end of the financial year	**19**	**13,870,236**	**20,941,781**	**338,763**	**1,115,085**

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

K. Seng Seng Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and associate are disclosed in Notes 11 and 12 respectively.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 April 2022.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

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

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 *Leases* issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

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

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

^ *The Annual Improvements to MFRS Standards 2018-2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (CONTINUED)

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

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. BASIS OF PREPARATION (CONTINUED)

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

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below (Continued).

Amendments to MFRS 101 Presentation of Financial Statements

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

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

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

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

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

2. BASIS OF PREPARATION (CONTINUED)

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

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below (Continued).

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Group’s and the Company’s functional currency.

2.5 Basis of measurement

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

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

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

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

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

(b) Non-controlling interests

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

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

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

(e) Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation.

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

3.3 Revenue and other income

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

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue and other income (Continued)

Financing components

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

(a) Sale of goods and services

(i) Sale of goods

The Group manufactures and trades a range of stainless steel products and all kind of industrial hardware. Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranges from 30 to 180 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(ii) Revenue from services

Revenue from services is recognised as and when services are rendered.

(b) Rental income

Rental income is recognised on an accrual basis and time proportionate basis over the lease term.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Dividend income

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

(e) Management fee

Management fee is recognised as and when services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

3.5 Borrowing costs

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

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

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

3.6 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Income tax (Continued)

(b) Deferred tax (Continued)

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit.

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

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

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

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

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

(c) Sales and services tax

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

	Useful lives
Buildings	50 years
Electrical installation	10 years
Plant and machinery and factory equipment	5-10 years
Electrical equipment, furniture and fittings, and office equipment	5-10 years
Motor vehicles	5-10 years
Computers	2 years
Renovation	2 years

The residual value, useful life and depreciation method are reviewed at each reporting period and adjusted as appropriate.

(d) Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases

(a) Definition of lease

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

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

(b) Lessee accounting

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

The Group and the Company present right-of-use assets and lease liabilities as separate lines in Notes 10 and 21.

<u>Right-of-use asset</u>

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

<u>Lease liability</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

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

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

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

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

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

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

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

Short-term leases and leases of low value assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

(c) Lessor accounting

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

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.8(b), then it classifies the sub-lease as an operating lease.

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

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

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.9 Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

<u>Debt instruments</u>

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

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

<u>Equity instruments</u>

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(ii) Financial liabilities

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

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

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

(c) Derecognition

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial instruments (Continued)

(c) Derecognition (Continued)

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

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

(d) Offsetting of financial instruments

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

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

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

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

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

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

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For 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 non-financial assets or cash-generating units ("CGUs").

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the assets in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.11 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Current versus non-current classification

The Group classifies assets and liabilities in statements of financial position as current and non-current. An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the financial year; or
- a cash or a cash equivalent which is not restricted from being exchanged or used to settle a liability for at least twelve months after the financial year.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the financial year; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the financial year.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, respectively.

A liability is classified as current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the financial year; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the financial year.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, respectively.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value as follows:

- Raw materials, consumables, packing materials and trading goods: purchase costs including costs incurred in bringing the inventories to their present location and condition on a weighted average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.15 Share capital

Ordinary shares

Ordinary shares are equity instruments and classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Transaction costs that are directly attributable to the issuance of ordinary shares are deducted against equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.16 Contingencies

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

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

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

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

3.17 Earnings per share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by 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 warrants granted to shareholders.

3.18 Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the Board of Directors of the Company who periodically review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

4.1 Write-down of obsolete or slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by the Group on damaged and slow-moving inventories. These reviews require judgement and estimates. In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by the Group based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the latest selling price or replacement cost, nature of the inventories and other relevant factors such as supply and demand of the identified inventories. Possible changes in these estimates could result in revisions to the valuation of inventories. The economic uncertainties resulting from COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 14.

4.2 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The forward-looking estimates include the possible impact of COVID-19 pandemic on risk of default and expected loss rate of financial assets and contract assets.

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

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 27(a).

5. REVENUE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue from contract customers:				
Sale of goods and services	151,901,911	105,842,634	-	-
Revenue from other sources:				
Dividend income from subsidiaries	-	-	3,000,000	-
Management fee	-	-	2,667,000	2,713,000
Lease income on building	30,000	18,100	1,400,880	1,388,980
	151,931,911	105,860,734	7,067,880	4,101,980

(a) Disaggregation of revenue

The Group report the following major segments: stainless steel products, marine hardware and consumable, other industrial hardware and engineering works in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into primary geographical markets and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Stainless steel and metal related products RM	Marine hardware and consumable RM	Other industrial hardware RM	Engineering works RM	Total RM
Group					
2021					
Primary geographical markets:					
Asia	99,768,535	23,999,925	8,918,862	18,591,595	151,278,917
Europe	622,994	-	-	-	622,994
	100,391,529	23,999,925	8,918,862	18,591,595	151,901,911
Timing of revenue recognition:					
At a point in time	100,391,529	23,999,925	8,918,862	18,591,595	151,901,911

5. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Stainless steel and metal related products RM	Marine hardware and consumable RM	Other industrial hardware RM	Engineering works RM	Total RM
Group					
2020					
Primary geographical markets:					
Asia	56,467,411	24,918,112	12,303,774	10,018,212	103,707,509
Europe	2,135,125	-	-	-	2,135,125
	58,602,536	24,918,112	12,303,774	10,018,212	105,842,634
Timing of revenue recognition:					
At a point in time	58,602,536	24,918,112	12,303,774	10,018,212	105,842,634

(b) Transaction price allocated to the remaining performance obligations

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Auditors' remuneration					
- Statutory audit					
- Current year		225,000	225,000	70,000	70,000
- Prior year		-	(1,000)	-	-
- Other services		5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	**10**	2,808,016	2,176,232	188,405	187,821
Employee benefits expense (including key management personnel)					
- Salaries, allowances and bonuses		15,958,115	11,519,841	3,104,813	2,687,129
- Defined contribution plans		1,181,022	1,046,716	214,202	201,771
- Other employee benefits		564,074	391,372	46,192	24,873
Impairment losses on financial assets:					
- Impairment loss on trade receivables	**15**	1,081,981	786,791	-	-
- Reversal of impairment loss on trade receivables	**15**	(1,300,455)	(35,675)	-	-
Inventories written down	**14**	996,352	1,533,175	-	-
Interest expense in respect of:					
- Bankers' acceptances		1,292,906	1,104,522	-	-
- Bank overdraft		20,271	29,135	-	-
- Lease liabilities		246,888	225,312	2,281	-
- Others		62,672	-	-	-
- Subsidiary		-	-	-	178,799
Property, plant and equipment written off	**10**	-	1,904	-	-
Expense relating to short-term leases		62,540	412,785	71,860	-
(Gain)/Loss on foreign exchange					
- Realised		(21,336)	(22,501)	-	-
- Unrealised		-	224	-	-

6. PROFIT BEFORE TAX (CONTINUED)

Profit before tax is arrived at after charging/(crediting): (Continued)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Gain on disposal of property, plant and equipment		(108,128)	(67,995)	-	-
Insurance compensation		-	(31,050)	-	-
Dividend income		-	-	(3,000,000)	-
Interest income on:					
- Deposits with licensed banks		(14,122)	(32,047)	(9,086)	(10,758)
- Associate		-	(5,204)	-	-
- Subsidiaries		-	-	(556,769)	(544,687)

7. DIRECTORS' REMUNERATION

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Directors of the Company				
Executive directors				
- Other emoluments	1,011,315	1,004,836	1,011,315	1,004,836
- Defined contribution plan	104,408	98,029	104,408	98,029
- Benefits-in-kind	18,625	36,125	18,625	36,125
	1,134,348	1,138,990	1,134,348	1,138,990
Non-executive directors				
- Fees	198,454	220,984	198,454	220,984
- Other emoluments	13,500	20,400	13,500	20,400
	211,954	241,384	211,954	241,384
Directors of subsidiaries				
Executive directors				
- Other emoluments	405,330	398,250	-	-
- Defined contribution plan	44,760	36,576	-	-
- Benefits-in-kind	8,466	6,500	-	-
	458,556	441,326	-	-
Total directors' remuneration	1,804,858	1,821,700	1,346,302	1,380,374

8. INCOME TAX EXPENSE

The income tax expense for the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Statements of comprehensive income:				
Current income tax:				
- Current income tax charge	3,942,709	1,251,204	-	152,429
- Adjustment in respect of prior years	(168,317)	(18,789)	(34,311)	(34,842)
	3,774,392	1,232,415	(34,311)	117,587
Deferred tax (Note 13):				
- Origination of temporary differences	177,518	750,678	28,197	10,424
- Adjustment in respect of prior years	(91,214)	(20,196)	(9)	15,429
	86,304	730,482	28,188	25,853
Income tax expense recognised in profit or loss	3,860,696	1,962,897	(6,123)	143,440

Income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

8. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	14,882,278	1,211,868	2,763,069	257,440
Tax at Malaysian statutory income tax rate of 24%	3,571,747	290,848	663,137	61,786
Share of results of an associate	(41,966)	58,045	-	-
Adjustments:				
Non-taxable income	(10,264)	(52,733)	(727,200)	-
Non-deductible expenses	1,061,515	854,935	92,260	101,067
Deferred tax assets not recognised	247,185	484,163	-	-
Reversal of deferred tax assets recognised in prior financial years	-	366,624	-	-
Utilisation of deferred tax assets previously not recognised	(707,990)	-	-	-
Adjustment in respect of prior years:				
- current income tax	(168,317)	(18,789)	(34,311)	(34,842)
- deferred tax	(91,214)	(20,196)	(9)	15,429
Income tax expense recognised in profit or loss	3,860,696	1,962,897	(6,123)	143,440

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share is based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2021	**2020**
	RM	**RM**
Profit/(Loss) attributable to owners of the Company	10,667,211	(997,587)

	2021	**2020**
	Unit	**Unit**
Weighted average number of ordinary shares for basic earnings/(loss) per share	114,993,836	96,369,262

	2021	**2020**
	sen	**sen**
Basic earnings/(loss) per ordinary share	9.28	(1.04)

Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per share is equivalent to the basic earnings/(loss) per share as the Company does not have any dilutive potential ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Machine under construction RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Group											
Cost											
At 1 January 2020	1,981,721	6,333,121	95,645	14,676,876	355,074	269,879	1,904,391	210,058	57,232	6,305,842	32,189,839
Additions	-	-	8,413	784,616	198	66,289	-	90,512	4,210	1,147,698	2,101,936
Disposals	-	-	-	-	-	-	(380,164)	-	-	-	(380,164)
Written off	-	-	-	(71,000)	(1,901)	-	-	-	-	-	(72,901)
Reclassification	-	-	-	(24,918)	-	-	507,747	-	-	(482,829)	-
Transfer	-	-	-	7,552	(84,371)	-	-	-	-	76,819	-
At 1 January 2021	1,981,721	6,333,121	104,058	15,373,126	269,000	336,168	2,031,974	300,570	61,442	7,047,530	33,838,710
Additions	-	-	14,005	751,737	-	133,799	6,920	183,812	125,602	2,738,091	3,953,966
Disposals	-	-	-	(43,800)	-	-	(163,229)	-	-	(403,111)	(610,140)
Reclassification	-	-	-	(558,660)	-	-	-	-	-	558,660	-
At 31 December 2021	1,981,721	6,333,121	118,063	15,522,403	269,000	469,967	1,875,665	484,382	187,044	9,941,170	37,182,536

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Electrical installation RM	Plant and machinery and factory equipment RM	Machine under construction RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicles RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Group (Continued)											
Accumulated depreciation											
At 1 January 2020	-	2,123,806	26,061	12,028,607	-	159,002	1,791,972	171,165	34,262	3,112,958	19,447,833
Charge for the financial year	-	126,662	13,100	642,645	-	48,638	47,250	61,214	20,380	1,216,343	2,176,232
Disposals	-	-	-	-	-	-	(380,159)	-	-	-	(380,159)
Written off	-	-	-	(70,997)	-	-	-	-	-	-	(70,997)
Reclassification	-	-	-	316,412	-	-	507,743	-	-	(824,155)	-
At 1 January 2021	-	2,250,468	39,161	12,916,667	-	207,640	1,966,806	232,379	54,642	3,505,146	21,172,909
Charge for the financial year	-	126,663	14,733	799,327	-	56,007	44,254	79,819	58,360	1,628,853	2,808,016
Disposals	-	-	-	(2,920)	-	-	(160,940)	-	-	(390,407)	(554,267)
Reclassification	-	-	-	(7,820)	-	-	-	-	-	7,820	-
At 31 December 2021	-	2,377,131	53,894	13,705,254	-	263,647	1,850,120	312,198	113,002	4,751,412	23,426,658
Carrying amount											
At 31 December 2020	1,981,721	4,082,653	64,897	2,456,459	269,000	128,528	65,168	68,191	6,800	3,542,384	12,665,801
At 31 December 2021	1,981,721	3,955,990	64,169	1,817,149	269,000	206,320	25,545	172,184	74,042	5,189,758	13,755,878

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicle RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Company									
Cost									
At 1 January 2020	1,981,721	6,333,121	255,400	51,291	4,680	67,298	40,122	-	8,733,633
Additions	-	-	-	26,249	-	35,102	-	-	61,351
At 1 January 2021	1,981,721	6,333,121	255,400	77,540	4,680	102,400	40,122	-	8,794,984
Additions	-	-	-	65,972	-	113,396	4,600	113,085	297,053
At 31 December 2021	1,981,721	6,333,121	255,400	143,512	4,680	215,796	44,722	113,085	9,092,037

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Plant and machinery and factory equipment RM	Electrical equipment, furniture and fittings and office equipment RM	Motor vehicle RM	Computers RM	Renovation RM	Right-of-use assets RM	Total RM
Company (Continued)									
Accumulated depreciation									
At 1 January 2020	-	2,123,806	255,398	21,190	3,743	42,871	26,397	-	2,473,405
Charge for the financial year	-	126,662	-	12,314	936	34,186	13,723	-	187,821
At 1 January 2021	-	2,250,468	255,398	33,504	4,679	77,057	40,120	-	2,661,226
Charge for the financial year	-	126,663	-	17,456	-	30,519	575	13,192	188,405
At 31 December 2021	-	2,377,131	255,398	50,960	4,679	107,576	40,695	13,192	2,849,631
Carrying amount									
At 31 December 2020	1,981,721	4,082,653	2	44,036	1	25,343	2	-	6,133,758
At 31 December 2021	1,981,721	3,955,990	2	92,552	1	108,220	4,027	99,893	6,242,406

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM3,953,966 (2020: RM2,101,936) and RM297,053 (2020: RM61,351) which are satisfied as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash payments	1,215,875	954,238	183,968	61,351
Lease arrangement	2,738,091	1,147,698	113,085	-
	3,953,966	2,101,936	297,053	61,351

(a) Assets pledged as security

The Group's and the Company's property, plant and equipment which are pledged as security for borrowings of the Group as mentioned in Note 21 are as follows:

	Group and Company	
	2021 RM	2020 RM
Freehold land	1,981,721	1,981,721
Buildings	3,955,990	4,082,653
	5,937,711	6,064,374

(b) Right-of-use assets

	Buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group				
Cost				
At 1 January 2020	1,629,271	2,179,189	2,497,382	6,305,842
Additions	986,789	-	160,909	1,147,698
Reclassification	-	24,918	(507,747)	(482,829)
Transfer	-	76,819	-	76,819
At 1 January 2021	2,616,060	2,280,926	2,150,544	7,047,530
Additions	1,621,403	-	1,116,688	2,738,091
Disposals	(33,875)	-	(369,236)	(403,111)
Reclassification	-	558,660	-	558,660
At 31 December 2021	4,203,588	2,839,586	2,897,996	9,941,170

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (Continued)

	Buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group (Continued)				
Accumulated depreciation				
At 1 January 2020	457,638	691,030	1,964,290	3,112,958
Charge for the financial year	605,241	309,514	301,588	1,216,343
Reclassification	-	(316,412)	(507,743)	(824,155)
At 1 January 2021	1,062,879	684,132	1,758,135	3,505,146
Charge for the financial year	1,067,403	362,133	199,317	1,628,853
Disposals	(21,172)	-	(369,235)	(390,407)
Reclassification	-	7,820	-	7,820
At 31 December 2021	2,109,110	1,054,085	1,588,217	4,751,412
Carrying amount				
At 31 December 2020	1,553,181	1,596,794	392,409	3,542,384
At 31 December 2021	2,094,478	1,785,501	1,309,779	5,189,758

The Group leases buildings as its factory and staff hostels. The leases generally have lease terms between 2 to 3 years. The leases include renewal option for additional terms of 1 to 3 years upon expiry of the initial term.

The Group also leases plant and machinery and motor vehicles with lease terms of 3 to 7 years, and has options to purchase the assets at the end of the contract term.

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (Continued)

	Motor vehicle RM	Total RM
Company		
Cost		
At 1 January 2021	-	-
Additions	113,085	113,085
At 31 December 2021	113,085	113,085
Accumulated depreciation		
At 1 January 2021		
Charge for the financial year	13,192	13,192
At 31 December 2021	13,192	13,192
Carrying amount		
At 31 December 2021	99,893	99,893

11. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2021 RM	2020 RM
Unquoted shares, at cost:			
At 1 January		33,060,002	33,010,002
Addition	**(a)**	-	50,000
At 31 December		33,060,002	33,060,002
Quasi loan	**(b)**	5,300,000	-
		38,360,002	33,060,002

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	Principal activities
K. Seng Seng Industries Sdn. Bhd.	Malaysia	100	100	Trading of all kinds of industrial hardware.
Three & Three Hardware Sdn. Bhd.	Malaysia	100	100	Trading of stainless steel long and flat products.
PTM Stainless Steel Industry Sdn. Bhd.	Malaysia	100	100	Manufacturing of stainless steel tubes and pipes, and processing of stainless steel flat products.
K. Seng Seng Parts Sdn. Bhd.	Malaysia	100	100	Hiring of motor vehicles.
KSG Engineering Sdn. Bhd.	Malaysia	100	100	Engineering works, fabrication and installation of rubber glove dipping line and trading of all kinds of consumables and engineering services.
Koseng Sdn. Bhd.	Malaysia	75	75	Trading of all kinds of marine hardware and consumables.
Subsidiary of KSG Engineering Sdn. Bhd.				
K. Seng Seng Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing of conveyor chain, accessories and components.

(a) Subscription of shares in a subsidiary

On 15 July 2020, the Company subscribed for 50,000 ordinary shares in K. Seng Seng Parts Sdn. Bhd. ("KSSP") via capitalisation of amount due from KSSP of RM50,000.

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Quasi loan

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

(c) On 31 March 2022, KSG Engineering Sdn. Bhd. had disposed 500,000 ordinary shares in the issued share capital of K. Seng Seng Manufacturing Sdn. Bhd. ("KSSM") to the Company for a total consideration of RM500,000. Upon completion of the disposal, KSSM became a directly wholly-owned subsidiary of the Company.

(d) Non-controlling interest in subsidiary

The subsidiary of the Group that has material non-controlling interests ("NCI") is as follows:

	Koseng Sdn. Bhd. RM	Total RM
2021		
NCI proportion of ownership interest and voting interest	25%	
Carrying amount of NCI ("RM")	1,896,325	1,896,325
Profit allocated to NCI ("RM")	354,371	354,371
2020		
NCI proportion of ownership interest and voting interest	25%	
Carrying amount of NCI ("RM")	1,541,954	1,541,954
Profit allocated to NCI ("RM")	246,558	246,558

(e) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that has material NCI are as follows:

	Koseng Sdn. Bhd. RM
Summarised statement of financial position	
As at 31 December 2021	
Non-current assets	658,894
Current assets	22,236,534
Non-current liabilties	(360,178)
Current liabilities	(14,949,952)
Net assets	7,585,298

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information of material non-controlling interest (Continued)

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that has material NCI are as follows (Continued):

	Koseng Sdn. Bhd. RM
Summarised statement of comprehensive income	
Financial year ended 31 December 2021	
Revenue	24,006,148
Profit for the financial year	1,417,482
Total comprehensive income	1,417,482
Summarised cash flow information	
Financial year ended 31 December 2021	
Cash flows from operating activities	4,079,391
Cash flows used in investing activities	(349,297)
Cash flows used in financing activities	(4,036,966)
Net decrease in cash and cash equivalents	(306,872)
Summarised statement of financial position	
As at 31 December 2020	
Non-current assets	693,638
Current assets	24,057,871
Non-current liabilties	(175,456)
Current liabilities	(18,408,237)
Net assets	6,167,816
Summarised statement of comprehensive income	
Financial year ended 31 December 2020	
Revenue	24,948,236
Profit for the financial year	986,231
Total comprehensive income	986,231
Summarised cash flow information	
Financial year ended 31 December 2020	
Cash flows from operating activities	1,007,409
Cash flows used in investing activities	(18,137)
Cash flows used in financing activities	(483,640)
Net increase in cash and cash equivalents	505,632

12. INVESTMENT IN AN ASSOCIATE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost	820,000	820,000	820,000	820,000
Share of post-acquisition reserves	4,343,540	4,168,680	-	-
	5,163,540	4,988,680	820,000	820,000

Details of the associate is as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	Principal activities
EIE Asian Holding Sdn. Bhd. ^	Malaysia	50	50	Investment holding.
Held by EIE Asian Holding Sdn. Bhd.				
EIE Industrial Products Sdn. Bhd. ^	Malaysia	100	100	Retailers and dealers in hardware used in industries, quarries and mines.
EIE Pulp & Speciality Sdn. Bhd. ^	Malaysia	71	71	General trading and dealing in pulps and paper.

^ *Audited by auditor other than Baker Tilly Monteiro Heng PLT.*

12. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(a) Summarised financial information of associate

The summarised financial information of the Group's associate is as follows:

	2021 RM	2020 RM
Assets and liabilities		
Non-current assets	696,658	571,276
Current assets	19,429,674	16,520,313
Non-current liabilities	(469,264)	(422,080)
Current liabilities	(9,146,616)	(6,495,179)
Net assets	10,510,452	10,174,330
Non-controlling interests	183,373	196,971
Results		
Revenue	17,323,360	13,895,538
Profit for the financial year/Total comprehensive income	349,975	484,455
Profit for the financial year/Total comprehensive income attributable to owners of an associate	349,720	482,872
Group's share of net assets	4,343,540	4,168,680
Share of results of the Group for the Financial year ended 31 December		
Share of results of the Group	174,860	241,436

13. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

	At 1 January 2021 RM	Recognised in profit or loss RM	At 31 December 2021 RM
Group			
Deferred tax liabilities:			
Property, plant and equipment	(267,891)	(99,145)	(367,036)
Deferred tax assets:			
Property, plant and equipment	86,230	12,841	99,071
	86,230	12,841	99,071
	(181,661)	(86,304)	(267,965)

	At 1 January 2020 RM	Recognised in profit or loss RM	At 31 December 2020 RM
Group			
Deferred tax liabilities:			
Property, plant and equipment	(137,511)	(130,380)	(267,891)
Deferred tax assets:			
Property, plant and equipment	5,264	80,966	86,230
Capital allowances	265,283	(265,283)	-
Tax losses	98,572	(98,572)	-
Reinvestment allowances	317,213	(317,213)	-
	686,332	(600,102)	86,230
	548,821	(730,482)	(181,661)

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax relates to the following (Continued):

	At 1 January 2021 RM	Recognised in profit or loss RM	At 31 December 2021 RM
Company			
Deferred tax liabilities:			
Property, plant and equipment	(163,364)	(28,188)	(191,552)

	At 1 January 2020 RM	Recognised in profit or loss RM	At 31 December 2020 RM
Company			
Deferred tax liabilities:			
Property, plant and equipment	(137,511)	(25,853)	(163,364)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2021 RM	2020 RM
Unabsorbed capital allowances	1,733,723	2,144,339
Unused tax losses	6,459,575	6,254,900
Unutilised reinvestment allowances	-	1,869,490
Difference between the carrying amounts of property, plant and equipment and their tax base	54,421	128,662
Impairment loss on trade receivables	2,330,003	2,506,454
Inventories written down	1,253,137	847,029
	11,830,859	13,750,874

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The unused tax losses are available for offset against future taxable profits of the Group up to in the following financial years:

	Group 2021 RM	2020 RM
Year of assessments		
2028	1,581,299	1,962,284
2029	2,942,383	2,942,383
2030	1,350,233	1,350,233
2031	585,660	-
	6,459,575	6,254,900

14. INVENTORIES

	Group 2021 RM	2020 RM
Raw materials	8,557,597	7,181,755
Work-in-progress	3,549,795	956,347
Finished goods	9,453,151	6,327,867
Consumables	1,188,068	1,167,223
Packing materials	142,460	102,942
Stock in transit	-	611,245
Trading goods	47,896,597	37,320,907
	70,787,668	53,668,286

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM113,801,462 (2020: RM85,857,958) and the cost of inventories recognised as other expenses in profit or loss of the Group in respect of write-down of inventories to net realisable value was RM996,352 (2020: RM1,533,715).

15. TRADE RECEIVABLES

	Note	Group 2021 RM	Group 2020 RM
Non-current:			
External parties	(a)	-	2,765
Less: Impairment losses for trade receivables	(c)	-	(2,765)
Total trade receivables (non-current)		-	-
Current:			
External parties	(b)	65,147,084	46,643,607
Related party	(b)	-	2,385
		65,147,084	46,645,992
Less: Impairment losses for trade receivables	(c)	(4,259,639)	(4,475,348)
Total trade receivables (current)		60,887,445	42,170,644
Total trade receivables (non-current and current)		60,887,445	42,170,644

		Company 2021 RM	Company 2020 RM
Current:			
External parties	(b)	7,500	-

(a) In the previous financial year, these amounts are non-interest bearing and repayable through 36 instalments up to year 2020.

(b) Included in trade receivables of the Group is an amount of RM Nil (2020: RM2,385) due from a related party who is a subsidiary of an associate.

The Group's normal credit term ranges from 30 to 90 days (2020: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Receivables that are impaired

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

	Note	Group 2021 RM	Group 2020 RM
At 1 January		4,478,113	3,726,997
Charge for the financial year			
- individually assessed	**6**	1,081,981	786,791
Reversal of impairment losses	**6**	(1,300,455)	(35,675)
At 31 December		4,259,639	4,478,113

15. TRADE RECEIVABLES (CONTINUED)

(c) Receivables that are impaired (continued)

Trade receivables that are individually determined to be credit impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures is disclosed in Note 27(a).

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	132,528	52,083	-	2,078
Refundable deposits	870,324	510,811	70,004	17,270
Downpayment to suppliers	5,550,334	3,543,528	-	-
Prepayments	1,334,125	525,132	134,147	127,308
	7,887,311	4,631,554	204,151	146,656

17. CONTRACT ASSETS/LIABILITIES

	Group	
	2021 RM	2020 RM
Contract assets relating to rubber glove dipping line contracts	2,460,154	1,884,843
Contract liabilities relating to rubber glove dipping line contracts	2,003,506	9,508,250

Significant changes in contract balances

	Group			
	2021		2020	
	Contract assets Increase/ (Decrease) RM	Contract liabilities (Increase)/ Decrease RM	Contract assets Increase/ (Decrease) RM	Contract liabilities (Increase)/ Decrease RM
Increase due to consideration received from customers, but revenue not recognised	-	(2,003,506)	-	(9,508,250)
Increase as a result of changes in the measure of progress	2,460,154	-	1,884,843	-

18. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Note	Company 2021 RM	2020 RM
Amounts due from subsidiaries			
Trade	(a)	2,743,447	2,064,084
Non-trade	(b)	11,378,550	12,173,764
		14,121,997	14,237,848
Amounts due to subsidiaries			
Non-trade	(c)	-	(1,580,858)

(a) The credit terms range from 30 to 90 days (2020: 30 to 90 days). These amounts which are neither past due nor impaired, are creditworthy debtors with good payment records with the Company.

(b) These amounts are unsecured, interest free and are repayable on demand in cash except for an amount of RM8,738,630 (2020: RM11,100,674) which bear interest at rates ranging from 7.40% to 8.40% (2020: 7.40% to 8.40%) per annum.

(c) These amounts are non-trade in nature, unsecured, interest free and repayable on demand in cash.

19. DEPOSITS, CASH AND BANK BALANCES

	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Deposits placed with licensed banks (Islamic)	1,482,906	473,611	1,470,867	461,782
Deposits placed with licensed banks	3,046,646	1,045,770	-	-
Cash and bank balances (Islamic)	2,359,915	8,225,183	-	-
Cash and bank balances	9,988,947	12,699,848	338,763	1,115,085
	16,878,414	22,444,412	1,809,630	1,576,867

19. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits placed with licensed banks	4,529,552	1,519,381	1,470,867	461,782
Less: Non-short term deposits placed with licensed banks	(2,511,716)	(1,502,631)	(1,470,867)	(461,782)
	2,017,836	16,750	-	-
Cash and bank balances	12,348,862	20,925,031	338,763	1,115,085
Bank overdraft	(496,462)	-	-	-
	13,870,236	20,941,781	338,763	1,115,085

(a) The interest rate and maturity period of deposits are as follows:

	Group		Company	
	2021	2020	2021	2020
Interest rate per annum (%)	1.55% to 2.5%	1.75% to 3.17%	1.85%	2.38%
Maturity period	30 days to 365 days	30 days to 365 days	180 - 365 days	365 days

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1 January 2021 RM	Cash flows RM	Non-cash acquisition RM	31 December 2021 RM
Group				
Bankers' acceptances	33,470,774	18,118,177	-	51,588,951
Lease liabilities	3,739,188	(1,574,801)	2,738,091	4,902,478
	37,209,962	16,543,376	2,738,091	56,491,429

19. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

(b) Reconciliation of changes in liabilities arising from financing activities are as follows: (continued)

	1 January 2020 RM	Cash flows RM	Non-cash acquisition RM	31 December 2020 RM
Group				
Bankers' acceptances	22,587,816	10,882,958	-	33,470,774
Lease liabilities	4,048,052	(1,456,562)	1,147,698	3,739,188
	26,635,868	9,426,396	1,147,698	37,209,962

	1 January 2021 RM	Cash flows RM	Non-cash acquisition RM	31 December 2021 RM
Company				
Lease liabilities	-	(13,014)	113,085	100,071

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM876,935 (2020: RM2,064,731).

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		<------------ Amount ------------>	
	2021 Unit	2020 Unit	2021 RM	2020 RM
Issued and fully paid up:				
At 1 January	103,950,000	96,000,000	53,125,639	48,514,639
Issued during the financial year	11,250,000	7,950,000	5,646,250	4,611,000
At 31 December	115,200,000	103,950,000	58,771,889	53,125,639

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

During the financial year, the Company issued 11,250,000 new ordinary shares at prices ranging from of RM0.485 to RM0.535 per ordinary share for business expansion and working capital purposes.

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

21. BORROWINGS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Lease liabilities	**(b)**	2,844,152	2,304,818	79,499	-
Current					
Bankers' acceptances (Islamic)	**(a)**	33,952,549	18,112,677	-	-
Bankers' acceptances	**(a)**	17,636,402	15,358,097	-	-
Lease liabilities	**(b)**	2,058,326	1,434,370	20,572	-
Bank overdraft	**(c)**	496,462	-	-	-
		54,143,739	34,905,144	20,572	-
Total borrowings:					
Bankers' acceptances (Islamic)	**(a)**	33,952,549	18,112,677	-	-
Bankers' acceptances	**(a)**	17,636,402	15,358,097	-	-
Lease liabilities	**(b)**	4,902,478	3,739,188	100,071	-
Bank overdraft	**(c)**	496,462	-	-	-
		56,987,891	37,209,962	100,071	-

(a) Bankers' acceptances

The bankers' acceptances of the Group are secured and supported as follows:

(i) legal charge over the freehold land and buildings of the Company; and
(ii) corporate guarantee by the Company.

The bankers' acceptances bear interest at rates as follows:

	Group Interest rate per annum (%) 2021	Group Interest rate per annum (%) 2020
Bankers' acceptances (Islamic)	2.04% to 2.11%	2.06% to 2.35%
Bankers' acceptances	2.87% to 4.02%	3.05% to 4.34%

21. BORROWINGS (CONTINUED)

(b) Lease liabilities

Certain equipment and vehicles of the Group as disclosed in Note 10 are pledged for leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of lease term.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Minimum lease payments:				
Not later than one year	2,227,141	1,586,234	24,420	-
Later than one year and not later than 5 years	2,866,124	2,432,237	85,470	-
Later than 5 years	145,003	44,578	-	-
	5,238,268	4,063,049	109,890	-
Less: Future finance charges	(335,790)	(323,861)	(9,819)	-
Present value of minimum lease payments	4,902,478	3,739,188	100,071	-
Present value of minimum lease payments:				
Not later than one year	2,058,326	1,434,370	20,572	-
Later than one year and not later than 5 years	2,704,292	2,261,702	79,499	-
Later than 5 years	139,860	43,116	-	-
	4,902,478	3,739,188	100,071	-
Less: Amount due within 12 months	(2,058,326)	(1,434,370)	(20,572)	-
Amount due after 12 months	2,844,152	2,304,818	79,499	-

The lease liabilities of the Group bear interest at rates ranging from 3.47% to 8.70% (2020: 3.47% to 8.70%) per annum.

(c) Bank overdraft

The bank overdraft of the Group bears interest at a rate of 3.75% (2020: Nil) per annum and is secured and supported by a corporate guarantee by the Company.

22. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 120 days (2020: 30 to 120 days).

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

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits	-	53,100	-	53,100
Downpayments from customers	502,690	949,253	-	-
Other payables	1,336,656	1,605,431	236,325	353,806
Accruals	4,787,672	3,159,002	718,696	604,090
	6,627,018	5,766,786	955,021	1,010,996

24. DIVIDENDS

	Group and Company	
	2021 RM	2020 RM
Recognised during the financial year:		
Dividend on ordinary shares:		
Single tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 24 September 2021	1,152,000	-

25. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associate;
(iii) Entity in which major directors have substantial financial interests; and
(iv) Key management personnel of the Group, comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

25. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2021	2020
	RM	RM
Subsidiary of associate		
Sale of goods	-	(2,785)
Purchase of goods	3,450	5,750
Purchase of office consumables	3,055	3,132
Interest receivable	-	(5,204)
Professional fee	70,172	-
Rental income	(5,000)	-

	Company	
	2021	2020
	RM	RM
Subsidiaries		
Dividend received	(3,000,000)	-
Interest receivable	(556,769)	(544,687)
Management fee	(2,667,000)	(2,713,000)
Rental of premises	(1,370,880)	(1,370,880)
Hiring charges of motor vehicles	71,860	64,171
Repair and maintenance charges	9,872	-
Interest charges	-	178,799

Significant outstanding balances with related parties at the end of the reporting period are disclosed in Notes 15, 18 and 23.

The secured corporate guarantee provided by the Company to banks in respect of banking facilities granted to its subsidiaries is disclosed in Note 27(b).

25. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors of the Company and subsidiaries:				
Executive directors				
- Short term employee benefits	1,416,644	1,403,086	1,011,315	1,004,836
- Post-employment benefits	149,168	134,605	104,408	98,029
- Benefits-in-kind	27,091	42,625	18,625	36,125
	1,592,903	1,580,316	1,134,348	1,138,990
Non-executive directors				
- Fees	198,454	220,984	198,454	220,984
- Short term employee benefits	13,500	20,400	13,500	20,400
	211,954	241,384	211,954	241,384
Other key management personnel:				
- Short term employee benefits	773,210	475,531	773,210	475,531
- Post-employment benefits	34,318	3,300	34,318	3,300
- Benefits-in-kind	13,626	8,800	13,626	8,800
	821,154	487,631	821,154	487,631
	2,626,011	2,309,331	2,167,456	1,868,005

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial positions by the category of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
Group		
2021		
Financial assets		
Trade receivables	60,887,445	60,887,445
Other receivables and refundable deposits *	1,002,852	1,002,852
Cash and short-term deposits	16,878,414	16,878,414
	78,768,711	78,768,711
Financial liabilities		
Trade payables	12,981,507	12,981,507
Other payables and accruals #	6,124,328	6,124,328
Borrowings ^	52,085,413	52,085,413
	71,191,248	71,191,248
2020		
Financial assets		
Trade receivables	42,170,644	42,170,644
Other receivables and refundable deposits *	562,894	562,894
Cash and short-term deposits	22,444,412	22,444,412
	65,177,950	65,177,950
Financial liabilities		
Trade payables	7,924,196	7,924,196
Other payables and accruals #	4,764,433	4,764,433
Borrowings ^	33,470,774	33,470,774
	46,159,403	46,159,403

* *Excluding downpayments to suppliers and prepayments*
# *Excluding deposits and downpayments from customers*
^ *Excluding lease liabilities*

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial positions by the category of financial instruments to which they are assigned (Continued):

	Carrying amount RM	Amortised cost RM
Company		
2021		
Financial assets		
Other receivables and refundable deposits *	70,004	70,004
Amounts due from subsidiaries	14,121,997	14,121,997
Cash and short-term deposits	1,809,630	1,809,630
	16,001,631	16,001,631
Financial liabilities		
Other payables and accruals #	955,021	955,021
2020		
Financial assets		
Other receivables and refundable deposits *	19,348	19,348
Amounts due from subsidiaries	14,237,848	14,237,848
Cash and short-term deposits	1,576,867	1,576,867
	15,834,063	15,834,063
Financial liabilities		
Other payables and accruals #	957,896	957,896
Amounts due to subsidiaries	1,580,858	1,580,858
	2,538,754	2,538,754

** Excluding prepayments*
 # Excluding deposits

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:

(i) Cash and bank balances, trade and other receivables, contract assets, trade and other payables and contract liabilities

The carrying amounts are reasonable approximation of fair values due to short-term nature of these financial instruments.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to short-term nature of these borrowings.

The fair value of long-term lease liabilities is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

(c) Fair value measurements

Analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the financial year ended 31 December 2021 and 31 December 2020, there have been no transfers between Level 1 and Level 2 fair value measurements.

27. FINANCIAL RISK MANAGEMENT

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

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

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

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

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

<u>Credit risk concentration profile</u>

The Group determines the credit risk concentration by monitoring the country of its trade receivables and contract assets on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	Group			
	2021		2020	
	RM	%	RM	%
By country:				
Malaysia	63,372,303	97	44,573,193	96
Republic of Indonesia	632,966	^	876,574	2
United Kingdom	-	-	470,774	1
Republic of Singapore	691,234	1	437,307	^
Other countries	450,581	^	290,909	^
	65,147,084	100	46,648,757	100

^ *Representing amount below 1%*

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The Group determines the credit risk concentration by monitoring the country of its trade receivables and contract assets on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows (Continued):

Contract assets:

	Group			
	2021		2020	
	RM	%	RM	%
By country:				
Malaysia	2,460,154	100	1,884,843	100

The Group does not have any significant exposure to any individual customer at the reporting date.

The Group applies the simplified approach to providing expected credit losses ("ECL") prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets.The Group individually assessed ECL of individual customer based on indicators such as changes in financial capability of the receivables and contract customers, past payment trends of the receivables and contract customers and default or significant delay in payments. The determination of ECL also incorporate economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivable. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For rubber glove dipping line contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and other external information relating to the customers that are publicly available.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 31 December 2021			
Trade receivables			
Current (not past due)	43,796,895	-	43,796,895
1 to 30 days past due	3,196,299	-	3,196,299
31 to 60 days past due	1,907,779	-	1,907,779
61 to 90 days past due	1,679,362	-	1,679,362
91 to 120 days past due	396,195	-	396,195
More than 120 days past due	9,910,915	-	9,910,915
Credit impaired:			
- Individually assessed	4,259,639	(4,259,639)	-
	65,147,084	(4,259,639)	60,887,445
Contract assets			
Current (not past due)	2,460,154	-	2,460,154
	67,607,238	(4,259,639)	63,347,599
Group			
At 31 December 2020			
Trade receivables			
Current (not past due)	35,471,421	-	35,471,421
1 to 30 days past due	1,798,643	-	1,798,643
31 to 60 days past due	426,681	-	426,681
61 to 90 days past due	510,332	-	510,332
91 to 120 days past due	523,992	-	523,992
More than 120 days past due	3,439,575	-	3,439,575
Credit impaired:			
- Individually assessed	4,478,113	(4,478,113)	-
	46,648,757	(4,478,113)	42,170,644
Contract assets			
Current (not past due)	1,884,843	-	1,884,843
	48,533,600	(4,478,113)	44,055,487

The significant changes in gross carrying amount of trade receivables and contract assets do not contribute to changes in the impairment loss allowance during the financial year.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the counterparty does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

The Group and the Company consider these financial assets to have low credit risk and any expected credit loss is negligible. As at the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets.

Refer to Note 3.10(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of certain banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounting to RM52,085,413 (2020: RM33,217,248) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(b). As at the reporting date, there was no allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(b) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient level of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

The Group manages its cash flow requirements of purchases in its operating activities mainly through bankers' acceptances which are drawdown to finance the import of goods.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis

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

	Carrying amount RM	Contractual cash flows: On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	Total RM
2021						
Group						
Financial liabilities						
Trade payables	12,981,507	12,981,507	-	-	-	12,981,507
Other payables and accruals #	6,124,328	6,124,328	-	-	-	6,124,328
Bankers' acceptances (Islamic)	33,952,549	33,952,549	-	-	-	33,952,549
Bankers' acceptances	17,636,402	17,636,402	-	-	-	17,636,402
Bank overdraft	496,462	496,462	-	-	-	496,462
Lease liabilities	4,902,478	2,227,141	2,460,682	405,442	145,003	5,238,268
	76,093,726	73,418,389	2,460,682	405,442	145,003	76,429,516
Company						
Financial liabilities						
Other payables and accruals #	955,021	955,021	-	-	-	955,021
Lease liabilities	20,572	109,890	-	-	-	109,890
Financial guarantee *	-	52,085,413	-	-	-	52,085,413
	975,593	53,150,324	-	-	-	53,150,324

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity profile of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations (Continued):

		Contractual cash flows				
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM	Total RM
2020						
Group						
Financial liabilities						
Trade payables	7,924,196	7,924,196	-	-	-	7,924,196
Other payables and accruals #	4,764,433	4,764,433	-	-	-	4,764,433
Bankers' acceptances (Islamic)	18,112,677	18,112,677	-	-	-	18,112,677
Bankers' acceptances	15,358,097	15,358,097	-	-	-	15,358,097
Lease liabilities	3,739,188	1,586,234	1,283,458	1,148,779	44,578	4,063,049
	49,898,591	47,745,637	1,283,458	1,148,779	44,578	50,222,452
Company						
Financial liabilities						
Other payables and accruals #	957,896	957,896	-	-	-	957,896
Amount due to subsidiaries	1,580,858	1,580,858	-	-	-	1,580,858
Financial guarantee *	-	33,217,248	-	-	-	33,217,248
	2,538,754	35,756,002	-	-	-	35,756,002

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

* The Company has given corporate guarantee to banks on behalf of certain subsidiaries for banking facilities. The potential exposure of the financial guarantee is equivalent to the amount of the banking facilities being utilised by the said subsidiaries. As at 31 December 2021, approximately RM52,085,413 (2020: RM33,217,248) of the banking facilities were utilised by the said subsidiaries.

Excluding deposits and downpayments from customers.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings.

Borrowings at floating rate amounting to RM52,085,413 (2020: RM33,470,774) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM4,018,412 (2020: RM3,739,188) expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2020: 50) basis points higher/lower and all other variables were held constant, the Group's profit net of tax ended 31 December 2021 would increase/decrease by RM196,038 (2020: RM127,189) as a result of exposure to floating rate borrowings.

(d) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Foreign currency risk (Continued)

Financial assets/(liabilities) denominated in USD, SGD and RMB are as follows:

	Group 2021 RM	Group 2020 RM
USD		
Trade receivables	549,659	1,046,781
Cash and bank balances	8,306	5,666
Trade payables	(3,217)	(53,365)
Other payables	-	(442,767)
	554,748	556,315
SGD		
Trade receivables	566,409	437,307
Cash and bank balances	287,874	632,254
Trade payables	(44,640)	(42,448)
	809,643	1,027,113
RMB		
Trade receivables	-	-
Trade payables	(737,831)	(1,171,207)
Other payables	-	(128,798)
	(737,831)	(1,300,005)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/loss net of tax to a reasonably possible change in the USD, SGD and RMB exchange rate against the functional currency of the Group, with all other variables held constant.

		Increase/(Decrease) in loss/profit for the financial year Group 2021 RM	Increase/(Decrease) in loss/profit for the financial year Group 2020 RM
USD/RM	- strengthened 5% (2020: 5%)	(21,180)	21,208
	- weakened 5% (2020: 5%)	21,180	(21,208)
SGD/RM	- strengthened 5% (2020: 5%)	(34,221)	46,617
	- weakened 5% (2020: 5%)	34,221	(46,617)
RMB/RM	- strengthened 5% (2020: 5%)	28,038	(49,400)
	- weakened 5% (2020: 5%)	(28,038)	49,400

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No change were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using gearing ratio, which is calculated as total interest-bearing borrowings divided by total equity. The Group monitors and maintains a prudent level of gearing ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements, if any. Total interest-bearing borrowings include bankers' acceptances and lease liabilities.

	Group	
	2021	**2020**
	RM	**RM**
Total interest-bearing borrowings	56,987,891	37,209,962
Total equity	98,029,657	82,513,825
Gearing ratio %	58%	45%

The Group and certain subsidiaries are required to comply with certain loan-to-value ratio, consolidated net worth, consolidated borrowings to consolidated net worth ratio and interest coverage ratio in respect of the banking facilities.

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

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows:

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have considered the impact of COVID-19 in the application of significant judgements and estimates to determine amounts recognised in the financial statements, including those disclosed in Note 4 above. As the pandemic continues to evolve, there is uncertainty over its duration and the potential effects it may have on the Group's financial and liquidity positions.

Given the fluidity of the situation, the Group and the Company will continue to monitor the impact of the pandemic and take appropriate and timely measures to minimise its impact on the Group's and the Company's operations.

29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

Other than as disclosed elsewhere in the financial statements, the significant events during and subsequent to the end of the financial year are as follows (Continued):

(b) On 23 September 2020, the Company had announced that its wholly owned subsidiary, KSG Engineering Sdn. Bhd. had been served with a sealed Amended Writ of Summons No. WA-22NCC-391-08/2020 on 18 September 2020 by WRP Asia Pacific Sdn. Bhd.. On 26 January 2021, the matter had undergone E-Review for Case Management and court hearing had been fixed on 2 March 2021. Subsequently on 3 March 2021, court hearing had been rescheduled to 26 April 2021. On 26 April 2021, case management for this matter had been fixed on 11 June 2021. On 7 July 2021, the Company has received a notice of discontinuance dated 6 July 2021 whereby the plaintiff has discontinued the legal suit against the Company.

(c) On 10 March 2022, the Company proposed to undertake the following:

(i) A bonus issue of up to 14,400,000 new ordinary shares in KSSC ("Bonus Share(s)") on the basis of 1 Bonus Share for every 8 ordinary shares held in KSSC ("KSSC Share(s) or "Share(s)") on an entitlement date to be determined and announced later ("Entitlement Date")("Proposed Bonus Issue of Shares");

(ii) A bonus issue of up to 43,200,000 free warrants ("Warrant(s)") on the basis of 1 Warrant for every 3 Shares held on the Entitlement Date after the Proposed Bonus Issue of Shares ("Proposed Bonus Issue of Warrants"); and

(iii) Establishment of an employees' share option scheme (the "ESOS Scheme") involving up to 15% of the total number of issued shares (excluding treasury shares of KSSC, if any) at any point of time during the duration of the ESOS Scheme, for the eligible directors and employees of KSSC and its subsidiaries, which are not dormant and who fulfil the eligibility criteria for participation in the ESOS Scheme as set out in the ESOS by-laws ("Proposed ESOS").

(Collectively, the "Proposals")

The application pursuant to the Proposals was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 March 2022. The Proposals are subjected to approvals by Bursa Securities and the shareholders in the forthcoming Extraordinary General Meeting ("EGM").

30. SEGMENT INFORMATION

For management purposes, the Group is organised into operating units reportable operating segments as follows:

(i) Stainless steel and metal related products
(ii) Marine hardware and consumable
(iii) Other industrial hardware
(iv) Investment holding
(v) Engineering works

30. SEGMENT INFORMATION (CONTINUED)

Management monitors the operating revenue of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment results, assets and liabilities. All results, assets and liabilities are managed on a group basis.

	Stainless steel and metal related products RM	Marine hardware and consumable RM	Other industrial hardware RM	Investment holding RM	Engineering works RM	Elimination RM	Total RM
2021							
Revenue							
External revenue	100,391,529	23,999,925	8,918,862	30,000	18,591,595	-	151,931,911
Inter-segment revenue	20,168,624	6,223	60,182,413	7,226,280	686,625	(88,270,165)	-
Total segment revenue	120,560,153	24,006,148	69,101,275	7,256,280	19,278,220	(88,270,165)	151,931,911
Gross profit	27,028,073	5,429,258	3,788,393	661,217	289,021	-	37,195,962
2020							
Revenue							
External revenue	58,602,536	24,918,112	12,303,774	18,100	10,018,212	-	105,860,734
Inter-segment revenue	2,842,789	30,124	31,423,281	4,282,280	468,152	(39,046,626)	-
Total segment revenue	61,445,325	24,948,236	43,727,055	4,300,380	10,486,364	(39,046,626)	105,860,734
Gross profit	9,320,846	5,074,743	3,058,513	18,100	1,609,857	-	19,082,059

30. SEGMENT INFORMATION (CONTINUED)

Information about geographical areas

Revenue information based on the geographical location of customers is as follows:

	Group	
	2021 RM	2020 RM
Malaysia	148,281,878	98,846,033
Thailand	-	104,896
Republic of Indonesia	246,689	1,064,944
United Kingdom	622,994	2,135,125
Republic of Singapore	2,134,314	2,312,369
Brunei	23,720	464,316
Hong Kong	168,425	615,178
Vietnam	249,011	317,873
Taiwan	204,881	-
	151,931,911	105,860,734

All non-current assets (other than financial instruments and deferred tax assets) of the Group are located in Malaysia.

Information about major customer

There is no single customer with revenue equal or more than 10% of the Group revenue.

STATEMENT BY DIRECTORS

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

We, **KOH SENG LEE** and **TSEN KET SHUNG @ KON SHUNG**, being two of the directors of K. SENG SENG CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 101 to 181 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 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.

....

KOH SENG LEE
Director

....

TSEN KET SHUNG @ KON SHUNG
Director

Date: 11 April 2022

STATUTORY DECLARATION

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

I, **CHAN MIN WAI**, being the officer primarily responsible for the financial management of K. SENG SENG CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 101 to 181 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....

CHAN MIN WAI
Officer
(MIA membership No.: 26548)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 11 April 2022.

Before me,

....

YM TENGKU NUR ATHIYA TENGKU FARIDDUDIN
No. W881
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF K. SENG SENG CORPORATION BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of K. Seng Seng Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 101 to 181.

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 financial 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Inventories (Note 14 to the financial statements)

As at 31 December 2021, the Group's inventories amounted to RM70.79 million. We focused on this area because certain inventories of the Group are slow moving inventories. The review of saleability and valuation of these inventories at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:
- observing year end physical inventory count and evaluating the design and implementation of controls during the count;
- checking subsequent sales, supplier's quotations and evaluating the management's assessment on estimated net realisable value on selected inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Trade receivables (Note 15 to the financial statements)

As at 31 December 2021, the Group's trade receivables amounted to RM60.89 million. We focused on this area because the Group made judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:
- understanding the design and controls associated with monitoring of outstanding receivables and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of collection related reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period.

Company

We have determined that there are no key audit matters in audit of the separate financial statements of the Company to be communicated 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 other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT	Ng Boon Hiang
201906000600 (LLP0019411-LCA) & AF 0117	No. 02916/03/2024 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 11 April 2022

OTHER INFORMATION

Analysis of Shareholdings
List of Properties
Notice of Annual General Meeting
Form of Proxy

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Number of Shares Issued	:	115,200,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share
No. of shareholders	:	1,214

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

Category	No. of Shareholders	No. of Shares	Percentage (%)
Less than 100	3	97	0.00%
100 - 1,000	220	125,503	0.11%
1,001 - 10,000	587	3,448,000	2.99%
10,001 - 100,000	330	10,782,100	9.36%
100,001 - less than 5% of issued shares	71	49,495,600	42.97%
5% and above of issued shares	3	51,348,700	44.57%
Total	**1,214**	**115,200,000**	**100.00%**

LIST OF SUBSTANTIAL SHAREHOLDINGS AS AT 31 MARCH 2022

		Direct		Indirect	
No.	Names	No. of Shares	%	No. of Shares	%
1.	Koh Seng Kar @ Koh Hai Sew (Demised on 23 March 2019)	36,960,000	32.08	-	-
2.	Koh Seng Lee	21,441,100	18.61	180,000	0.16
3.	Yap Chee Kheng	8,710,000	7.56	-	-
4.	Dr Lim Pang Kiam *	8,300,000	7.20	-	-

* Dr Lim Pang Kiam is the Group Chief Executive Officer of the Company.

DIRECTORS' INTERESTS IN SHARES AS AT 31 MARCH 2022

		Direct		Indirect	
No.	Names	No. of Shares	%	No. of Shares	%
1.	Koh Seng Lee	21,441,100	18.61	180,000	0.16
2.	Tsen Ket Shung @ Kon Shung	200,000	0.17	-	-
3.	Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff	-	-	-	-
4.	Dr Teh Chee Ghee	-	-	-	-
5.	Yap Chee Kheng	8,710,000	7.56	-	-
6.	Dato' Tin @ Tan Pek-Han (Appointed on 03/01/2022)	1,400,000	1.22	-	-
7.	Chang Tian Kwang (Appointed on 31/03/2022)	-	-	-	-
8.	Lee Choon Wan (Resigned on 31/12/2021)	-	-	-	-

ANALYSIS OF SHAREHOLDINGS (continued)

AS AT 31 MARCH 2022

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 31 MARCH 2022

No.	Names	No. of Shares held	Percentage (%)
1.	KOH SENG KAR @ KOH HAI SEW	36,960,000	32.08
2.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH SENG LEE	7,261,500	6.30
3.	KOH SENG LEE	7,127,200	6.19
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM	4,800,000	4.17
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (8055840)	4,178,000	3.63
6.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR SEAH HOCK THIAM	3,800,000	3.30
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH SENG LEE (7004175)	3,600,000	3.13
8.	NG HOOK	3,522,000	3.06
9.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PANG KIAM (MY3876)	3,500,000	3.04
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH SENG LEE (MY4433)	3,452,400	3.00
11.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (MY3821)	2,652,000	2.30
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG)	1,880,000	1.63
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE WAY HOONG (E-KLC/SSH)	1,590,000	1.38
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN @ TAN PEK-HAN (MF00027)	1,400,000	1.22
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM SENG (7003782)	1,291,900	1.12

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 31 MARCH 2022

No.	Names	No. of Shares held	Percentage (%)
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG BENG HOO	1,135,700	0.99
17.	OLIVE LIM SWEE LIAN	780,000	0.68
18.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHI ON KANG	522,800	0.45
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH SU SEE	515,800	0.45
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG BENG HOO	418,100	0.36
21.	TEH SEONG KIAM	400,000	0.35
22.	LOO CHUN KEAT	380,000	0.33
23.	LEE KAI YUEN	350,200	0.30
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG BAI CHAU	340,000	0.30
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA EI MING (KUCHAI-CL)	330,000	0.29
26.	SOH CHEE YONG	311,000	0.27
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE HOONG SAN (JLN KAPAR-CL)	300,000	0.26
28.	TEE YONG	300,000	0.26
29.	KOH TIN HOOK	291,200	0.25
30.	NORA LAI BT ABDULLAH	280,000	0.24
	TOTAL	93,669,800	81.33

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 31 DECEMBER 2021

Registered Owner(s)	Location	Description/ Existing Use	Tenure of Land	Land Area/ Built-up Area	Issuance date of Certificate of Fitness	Net book value as at 31 December 2021 (RM'000)
KSSC	Lot 3707, Jalan 7/5, Taman Industri Selesa Jaya, 43300 Balakong, Selangor Darul Ehsan	Double storey office cum factory/ Administration and Trading Office and Manufacturing and Processing Plant	Freehold	14,796 square metres/ 7,580 square metres	10 September 2003	5,888
KSSC	102 and 102A, Jalan Keris Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim	Double storey shophouses/For rental income purposes	Freehold	163.509 square metre/ 237.832 square metres	9 January 1977	50

K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427-W)
(Incorporated In Malaysia)

NOTICE OF THIRTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting of the Company will be conducted via an online portal from Broadcast Venue at Unit 8-5, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor on Wednesday, 25 May 2022 at 10.00 a.m. for the following purposes:-

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 Auditors thereon. **Please refer to Explanatory Note (a)**

2. To approve the payment of Directors' Fees of up to RM400,000 for the period commencing from 26 May 2022 until the next Annual General Meeting in the year 2023. **Ordinary Resolution 1**

3. To approve the payment of allowances of up to RM35,000 for the period commencing from 26 May 2022 until the next Annual General Meeting in the year 2023. **Ordinary Resolution 2**

4. To re-elect Mr Tsen Ket Shung @ Kon Shung, a Director of the Company who retire in accordance with Clause 92 of the Company's Constitution and being eligible, offer himself for re-election. **Ordinary Resolution 3**

   Tuan Haji Zainal Rashid Bin Haji Mohd Eusoff who also retires by rotation in accordance with Clause 92 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the Thirty-Seventh Annual General Meeting.

5. To re-elect the following Directors of the Company who retire in accordance with Clause 99 of the Company's Constitution and being eligible, offer themselves for re-election:-

   i) Yap Chee Kheng; **Ordinary Resolution 4**

   ii) Dato' Tin @ Tan Pek-Han; and **Ordinary Resolution 5**

   iii) Chang Tian Kwang. **Ordinary Resolution 6**

6. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL BUSINESS:

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

7. **Authority to issue shares** — **Ordinary Resolution 8**

   "THAT subject always to the Companies Act, 2016, Constitution of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company.

   AND THAT the Directors of the Company whether solely or jointly, be authorised to complete and do all such acts and things (including executing such relevant documents) as he/she/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate."

ANY OTHER BUSINESS:

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

BY ORDER OF THE BOARD,

WONG YOUN KIM (MAICSA 7018778)
CHAN MIN WAI (MIA 26548)
Company Secretaries

Kuala Lumpur
26 April 2022

NOTES:

1. A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan K.L., Malaysia not less than 24 hours before the time appointed for the taking of poll or any adjournment thereof.

6. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 19 May 2022 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

7. **EXPLANATORY NOTES:-**

(a) Item 1 of the Agenda

Audited Financial Statements for financial year ended 31 December 2021

The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require shareholders' approval. Hence, this Agenda will not be put forward for voting.

(b) Item 7 of the Agenda – Ordinary Resolution 8

Authority to Issue Shares

The proposed Ordinary Resolution 8, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company ("Renewed Mandate") provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1) Mr Tsen Ket Shung @ Kon Shung, the Director who is standing for re-election at the Thirty-Seventh Annual General Meeting of the Company pursuant to Clause 92 of the Constitution of the Company.

   The details of the above Director seeking re-election are set out in the Board of Directors' Profile as disclosed on page 16 of this Annual Report.

2) The Directors who are standing for re-election at the Thirty-Seventh Annual General Meeting of the Company pursuant to Clause 99 of the Constitution of the Company are:

   i) Yap Chee Kheng;
   ii) Dato' Tin @ Tan Pek-Han; and
   iii) Chang Tian Kwang.

   The details of the above Directors seeking re-election are set out in the Board of Directors' Profile as disclosed on page 15,17 and page 18 of this Annual Report.

3) The details of the above Directors' interest in the securities of the Company are stated on page 190 of this Annual Report.

4) The statement relating to the general mandate for authority to issue shares is set out in the Explanatory Notes to the Notice of the Thirty-Seventh Annual General Meeting on page 196 of this Annual Report.

K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427 W))
(Incorporated in Malaysia)

FORM OF PROXY

No. of Ordinary Shares Held	
CDS Accounts No.	

I/We ______________________________ *NRIC/Passport/Company No. ________________
(FULL NAME IN BLOCK LETTERS)
of ____
(FULL ADDRESS)
with email address ______________________ mobile phone no.______________________
being a member/members of **K. SENG SENG CORPORATION BERHAD** hereby appoint the following person(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and/or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be conducted via an online portal from Broadcast Venue at Unit 8-5, Kompleks Komersil Akasa, Jalan Akasa, Akasa Cheras Selatan, 43300 Seri Kembangan, Selangor on Wednesday, 25 May 2022 at 10.00 a.m.. My/our proxy/proxies is/are to vote as indicated below:-

RESOLUTIONS RELATING TO: -		**FIRST PROXY**		**SECOND PROXY**	
		For	**Against**	**For**	**Against**
ORDINARY RESOLUTION					
1.	Approval of payment of Directors' Fees of up to RM400,000 for the period commencing from 26 May 2022 until the next Annual General Meeting in year 2023.				
2.	Approval of payment of allowances of up to RM35,000 for the period commencing from 25 May 2022 until the next Annual General Meeting in year 2023.				
3.	Re-election of Mr Tsen Ket Shung @ Kon Shung as a Director retiring in accordance with Clause 92 of the Company's Constitution.				

4.	Re-election of Mr Yap Chee Kheng as a Director retiring in accordance with Clause 99 of the Company's Constitution.				
5.	Re-election of Dato' Tin @ Tan Pek-Han as a Director retiring in accordance with Clause 99 of the Company's Constitution.				
6.	Re-election of Chang Tian Kwang as a Director retiring in accordance with Clause 99 of the Company's Constitution.				
7.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	SPECIAL BUSINESS				
8.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this ___ day of ______ 2022

……………………………………………….
Signature of Shareholder(s)/Common Seal

Notes :

1. A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies (or being a corporate member, a corporate representative) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.

4. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or executed must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan K.L, Malaysia not less than 24 hours before the time appointed for taking of the poll.

6. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 19 May 2022 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

AFFIX
STAMP

THE COMPANY SECRETARY
K. SENG SENG CORPORATION BERHAD
(Registration No. 198501000983 (133427-W))
Level 2, Tower 1, Avenue 5, Bangsar South City,
59200 Kuala Lumpur, Wilayah Persekutuan K.L,
Malaysia

REQUEST FORM FOR PRINTED COPY OF K. SENG SENG CORPORATION BERHAD ANNUAL REPORT 2021

To: K. Seng Seng Corporation
Berhad
c/o HMC Corporate Services Sdn. Bhd.
Level 2, Tower 1, Avenue 5, Bangsar South City
59200 Kuala Lumpur, Wilayah Persekutuan K.L.
Malaysia

Please find below my complete particulars for the delivery of a printed copy of KSSC Annual Report 2021:

Particulars of Shareholder

Name:

Identity Card No./Passport No./Company No.:

CDS Account No.:

Mailing Address:

Telephone No.:

Date:

Signature of Shareholder:

____
Name:

Trading

Processing

Lot 3707, Jalan 7/5,
Taman Industri Selesa Jaya,
43300 Balakong, Selangor, Malaysia

Tel : 603-8961 5555 (Hunting Line)
Fax : 603-8962 6666 (Marketing)
603-8962 1111 (Accounts)

E-mail : sales@kssc.com.my

Manufacturing