



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

ANNUAL REPORT 2022



Scenic in Name
Beauty in *Frame*TM

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



ABOUT US

Established in 1988, with more than 34 years of operating history and experience, Classic Scenic Berhad ("CSCENIC" or "the Company") has emerged to be one of the largest wooden picture frame mouldings ("WPFM") manufacturer and exporter in Malaysia as well as in the region today. Our business has been growing with robust fundamentals with the supports from our teams' dedication and commitment as well as our customers' trusts and loyalty. Our quality has also been further proven by the accreditation of ISO 9001:2015.

To date, CSCENIC and its subsidiaries ("CSCENIC Group" or "the Group") has built a global presence of which more than 90% of our premium WPFM are exported mainly to North America, Australia, Europe and Japan. Our business growth is strongly supported by our great manufacturing capability with nine (9) factories, located in Rawang, Selangor and Bidor Perak. Here in CSCENIC Group, we have a strong manufacturing capability with a total factory land area over 1,000,000 sq. ft., built-up area of 699,000 sq. ft. and 391 total workforce.

We had successfully listed on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") in 2004, and was subsequently transferred to the Main Board (Main Board and Second Board are merged and now known as Main Market) of the Bursa Securities on 6 June 2006. Our Group is principally engaged in the manufacturing of WPFM and wooden pallets.

Moving ahead, the Group will continue to focus on strengthening the overall business management by aligning to our vision and mission so as to achieve a higher milestone and generate sustainable values to our stakeholders.



OUR VISION

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



OUR MISSION

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



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

C O N T E N T S



OUR PROFILE

About Us, Our Vision and Mission

- 02 Corporate Structure
- 03 Corporate Information
- 04 Profile of Board of Directors
- 09 Profile of Key Senior Management

OUR PERFORMANCE

- 11 Financial Highlights
- 12 Managing Director's Messages
- 14 Management Discussion & Analysis
- 20 Sustainability Statement

OUR GOVERNANCE

- 40 Corporate Governance Overview Statement
- 53 Audit Committee Report
- 57 Statement on Risk Management and Internal Control
- 63 Statement of Directors' Responsibility for Preparation of Financial Statements

OUR FINANCIALS

- 64 Director's Report
- 68 Statements of Financial Position
- 69 Statements of Profit or Loss and Other Comprehensive Income
- 70 Consolidated Statement of Changes in Equity
- 71 Statement of Changes in Equity
- 72 Statements of Cash Flows
- 74 Notes to the Financial Statements
- 116 Statement by Directors
- 116 Statutory Declaration
- 117 Independent Auditors' Report

OTHER INFORMATION

- 121 Additional Compliance Information Disclosures
- 122 List of Properties
- 125 Analysis of Shareholdings
- 128 Analysis of Warrantholdings
- 130 Notice of Annual General Meeting Proxy Form

CORPORATE STRUCTURE



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

Investment Holding



CORPORATE INFORMATION

Board of Directors

Datuk Iskandar Bin Sarudin

Independent
Non-Executive Chairman

Lim Chee Beng

Managing Director

Lim Kim Lee

Executive Director cum
Chief Financial Officer

Vo Nghia Huu

Executive Director

Lew Chong Kiat

Senior Independent
Non-Executive Director

Teh ZiYang

Independent
Non-Executive Director

Ooi Youk Lan

Non-Independent
Non-Executive Director

Board
Committees

AUDIT COMMITTEE

Chairman

Lew Chong Kiat

Members

Datuk Iskandar Bin Sarudin

Teh ZiYang

NOMINATION AND
REMUNERATION COMMITTEE**Chairman**

Lew Chong Kiat

Members

Datuk Iskandar Bin Sarudin

Teh ZiYang

EXECUTIVE AND RISK
MANAGEMENT COMMITTEE**Chairman**

Lim Chee Beng

Members

Vo Nghia Huu

Lim Kim Lee

See Siou Bin

Cheen Ying Moo

HEAD OFFICE

Lot 12, Jalan RP3,
Taman Rawang Perdana,
48000 Rawang,
Selangor, Malaysia.
Tel.: 603 – 6091 7477
Fax: 603 – 6091 6766
Email: cscenic@classicscenic.com
Website: www.classicscenic.com

REGISTERED OFFICE

Level 5, Tower 8,
Avenue 5, Horizon 2,
Bangsar South City
59200 Kuala Lumpur
Tel.: 603 – 2280 6388
Fax: 603 – 2280 6399

COMPANY SECRETARY

Wong Youn Kim

(MAICSA 7018778)
SSM PC No. 201908000410

PRINCIPAL BANKERS

Citibank Berhad
Hong Leong Bank Berhad

AUDITORS

KPMG PLT

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

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

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

STOCK EXCHANGE LISTING

**Bursa Malaysia Securities Berhad
Main Market**

Stock Code: 7202
Stock Name: CSCENIC

PROFILE OF BOARD OF DIRECTORS



From left to right :

OOI YOUK LAN
Non-Independent
Non-Executive Director

VO NGHIA HUU
Executive Director

LIM CHEE BENG
Managing Director

DATUK ISKANDAR BIN SARUDIN
Independent
Non-Executive Chairman

LEW CHONG KIAT
Senior Independent
Non-Executive Director

LIM KIM LEE
Executive Director
cum Chief Financial Officer

TEH ZIYANG
Independent
Non-Executive Director

Profile of Board of Directors (cont'd)

Datuk Iskandar Bin Sarudin

Independent Non-Executive Chairman
Malaysian, Aged 68, Male

Datuk Iskandar Bin Sarudin was appointed to the Board of Directors ("Board") as the Independent Non-Executive Chairman on 16 June 2021. He is also a member of the Audit Committee ("AC") as well as Nomination and Remuneration Committee ("NRC").

He graduated with a Bachelor of Arts with Honours (Malay Studies) from Universiti Malaya, Kuala Lumpur. In 1979, he began his career in the Malaysian Administrative and Diplomatic Service. He has served the nation in Jakarta, Indonesia and Lagos, Nigeria as the Second Secretary and First Secretary of the Embassy of Malaysia and High Commission of Malaysia respectively. In 1989, he was then appointed as the Principal Assistant Secretary, Ministry of Foreign Affairs, Malaysia before being tasked by the Ministry to establish Embassy of Malaysia in Republic of Chile and Sarajevo, Bosnia and Herzegovina.

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

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

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

Datuk Iskandar has attended all five (5) Board meetings held during the financial year ended 31 December 2022 ("FYE 2022").

Lim Chee Beng

Managing Director
Malaysian, Aged 60, Male

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

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

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

He has attended all five (5) Board Meetings held during FYE 2022.

Profile of Board of Directors (cont'd)

Lim Kim Lee

Executive Director cum Chief Financial Officer
Malaysian, Aged 45, Female

Lim Kim Lee was appointed to our Board as the Executive Director on 26 July 2021. She is also a member of the ERMC.

She graduated with a Bachelor of Commerce (Accounting) from University of Otago, New Zealand in 1999. She is a member of the Malaysia Institute Accountants ("MIA") and a Chartered Global Management Accountant ("CGMA") of the Chartered Institute of Management Accountants ("CIMA").

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

In 2007, she was promoted as the Group Finance Manager of which she is responsible for the treasury and finance function as well as the establishment, implementation and maintenance of quality management system in the Group. In 2012, she was promoted to the position of the Group Financial Controller of which her responsibilities include setting strategic direction of finance, human resources and information technology to support the goals of the Group, and maintaining an adequate and effective risk management and internal control system. Prior to her appointment on the Board, she was appointed as the Group's Chief Financial Officer in December 2016.

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

She has attended all five (5) Board meetings held during FYE 2022.

Vo Nghia Huu

Executive Director
Australian, Aged 50, Male

Vo Nghia Huu was appointed to our Board as the Executive Director on 26 July 2021. He is also a member of the ERMC.

After obtaining his Certificate III in Business Administration from TAFE College, Australia, he started his career in his family jewellery business before joining a leading independent family-owned electrical chain stores in Sydney, Australia in 1995, focusing on expanding the outlets throughout the state.

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

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

He has attended four (4) out of five (5) Board meetings during FYE 2022.

Profile of Board of Directors (cont'd)

Lew Chong Kiat

Senior Independent Non-Executive Director
Malaysian, Aged 49, Male

Lew Chong Kiat, the Senior Independent Non-Executive Director, was appointed to our Board on 26 July 2021. He is the Chairman of AC and NRC.

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

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

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

He has attended all five (5) Board meetings during FYE 2022.

Teh ZiYang

Independent Non-Executive Director
Malaysian, Aged 30, Male

Teh ZiYang was appointed to our Board as the Independent Non-Executive Director on 8 December 2021. He is also a member of the AC and NRC.

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

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

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

He has attended all five (5) Board meetings during FYE 2022.

Profile of Board of Directors (cont'd)

Ooi Youk Lan

Non-Independent Non-Executive Director
Malaysian, Aged 56, Female

Ooi Youk Lan was appointed to our Board as the Non-Independent Non-Executive Director on 1 April 2021. She is a FCCA and a member of the MIA.

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

In 2012, she joined Hextar Group of Companies as the Group Financial Controller, and currently is the Group Chief Financial Officer of Hextar Group of Companies. She is responsible to oversee and manage the overall financial and accounting functions, banking relationship, corporate exercise and strategies of the Group of Companies and serving as director of the several private companies.

She is also the Non-Independent Non-Executive Director for Pekat Group Berhad.

She has attended all five (5) Board meetings held during FYE 2022.

1. Save for Vo Nghia Huu, none of the Directors have any family relationships with each other and/or any major shareholder of the Company.
2. None of the Directors: -
 - (a) have conflict of interest with the Company;
 - (b) have been convicted of any offence in the past five (5) years other than traffic offences, if any; and
 - (c) were publicly sanctioned or imposed with penalty by the regulatory bodies during FYE 2022.

PROFILE OF KEY SENIOR MANAGEMENT



From left to right :

SEE SIOU BIN
General Manager

CHEEN YING MOO
Supply Chain Senior
Manager

Profile of Key Senior Management (cont'd)

See Siou Bin

General Manager
Malaysian, Aged 37, Male

See Siou Bin is appointed as the General Manager of the Group on 26 December 2021. He is also a member of the ERM. He is responsible for the Group's supply chain and logistic, quality assurance management and maintenance functions.

He graduated from University of Malaya with a Bachelor of Engineering (Hons) Manufacturing Engineering in 2010 and obtained his MBA from Inti International University in 2019.

He joined the Group in 2009 as an internship student and started his career with the Group as operation officer in the subsequent year. He was then promoted to Quality Assurance Manager in year 2016 and to his current position in 2021.

Cheen Ying Moo

Supply Chain Senior Manager
Malaysian, Aged 37, Female

Cheen Ying Moo is the Group's Supply Chain Senior Manager, appointed on 4 May 2021. She is also a member of the ERM and the Committee for Occupational Health and Safety. She heads up the Group's supply chain, occupational health and safety functions, and certification for International Organisation for Standardisation ("ISO") and Forest Stewardship Council ("FSC").

She holds her Bachelor of Wood Technology and Science in the year 2009 from University Malaysia Sabah. In 2010, she joined the Group as a Quality Assurance Officer. She was then repositioned to the marketing department and was promoted as the Marketing Assistant Manager in 2013. In the subsequent year, she was assigned to lead the Group's supply chain.

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

None of the Key Senior Management: -

- (a) holds directorships in public companies and listed issuers;
- (b) has family relationship with any Director and/or major shareholder of the Company;
- (c) has conflict of interest with the Company;
- (d) has been convicted of any offence in the past five (5) years other than traffic offences, if any; and
- (e) was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2022.

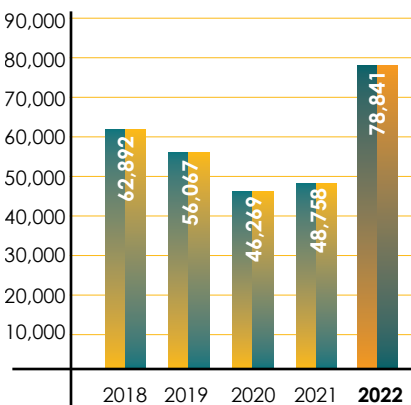
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2018	2019	2020	2021	2022
Revenue (RM'000)	62,892	56,067	46,269	48,758	78,841
Profit Before Tax ("PBT") (RM'000)	8,703	8,294	8,578	8,579	22,741
Profit After Tax ("PAT") (RM'000)	7,233	6,254	6,373	6,408	18,994
Cash and Cash Equivalents (RM'000)	14,907	14,035	25,815	16,554	24,129
Return on Equity (%)	7.64	6.77	6.87	4.65	11.81
Net Asset Per Ordinary Share (sen)*	39.26*	38.36*	38.50*	57.22	64.99
Net Earnings Per Share (sen)*	3.00*	2.60*	2.64*	2.66	7.85
Net Dividend Per Share (sen)	6.00	5.00	3.00	-	-
Dividend Payout Ratio (%)	100.0	96.3	56.7	-	-
Net Dividend Yield (%) #	5.5	5.0	3.3	-	-

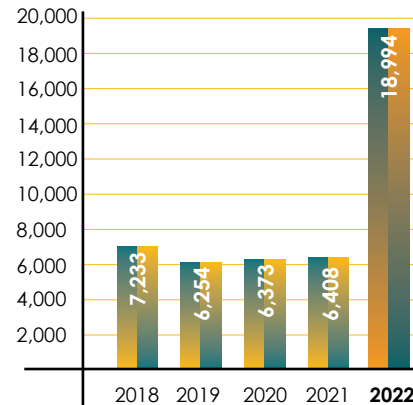
The Net Dividend Yield was calculated based on the share price as at the last trading day of the financial year.

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

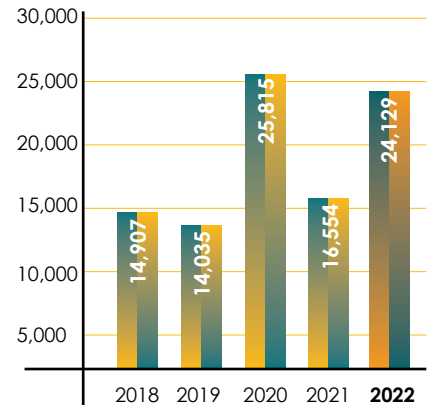
REVENUE
(RM'000)



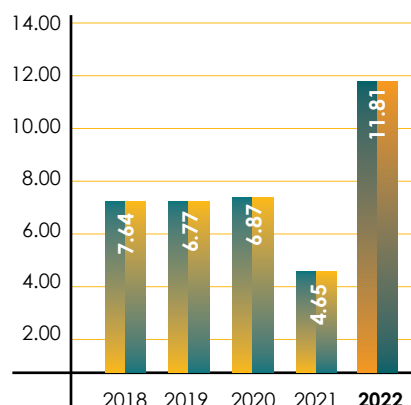
PROFIT AFTER TAX
(RM'000)



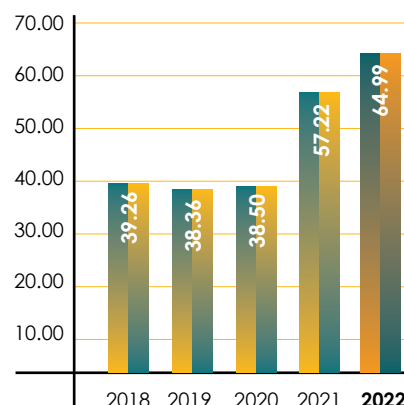
CASH AND CASH EQUIVALENTS
(RM'000)



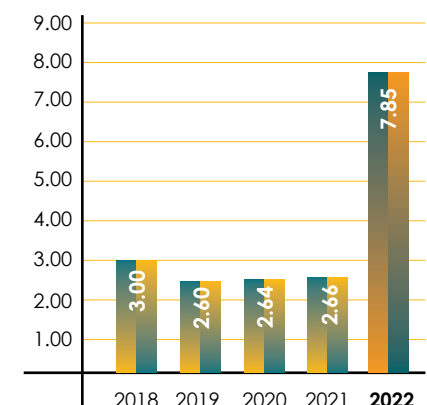
RETURN ON EQUITY
(%)



NET ASSET PER ORDINARY SHARE
(SEN)



NET EARNINGS PER SHARE
(SEN)



MANAGING DIRECTOR'S MESSAGES

Dear Shareholders,

On behalf of the Board, it is my pleasure and privilege to present you the Company's Annual Report and Audited Financial Statements for the FYE 2022. The year in review was an exceptional year for CSCENIC as we achieved a record-high financial performance.



BUSINESS ENVIRONMENT

The year 2022 is when most countries worldwide transitioned into Covid-19 endemicity. However, the global economic outlook continues to be clouded by the Covid-19 flare-ups as well as international developments such as geopolitical conflicts, global inflationary pressures and tightening monetary policies, leading to a weaker economic prospect. According to the International Monetary Fund, global inflation is projected to rise from 4.7% in 2021 to 8.8% in 2022, which in turn would slow down the global growth from 6.0% in 2021 to 3.2% in 2022. Needless to say, given the unpromising existing conditions, the global macroeconomic environment will remain to be challenging in the upcoming year.

Despite the headwinds, the geopolitical tensions arising from the fraught relationship between the United States of America ("USA" or "US") and China have benefited the Group as most of USA customers have diverted their imports from China to Southeast Asia, one of which is Malaysia, resulting from the imposition of anti-dumping tax on wooden products imported from China.

Over the past two (2) years, the Covid-19 pandemic had impacted the global economy severely with its myriad threats and uncertainties. Many companies had to scale down or restructure their business model. CSCENIC was not spared from the adverse impact and was also interrupted by the supply chain disruption, labour shortage, port congestion as well

as volatile market demand. Nevertheless, with the experience gained from the unprecedented Covid-19 pandemic and the relentless commitment from our talents, we managed to sharpen our strategy, focus on managing a disciplined and resilient cost structure, improve the efficient use of our raw materials as well as optimise our production capacity in order to grab the opportunity of rising demand for WPFM products.

During FYE 2022, the Group ventured upstream into the timber sawmilling industry through the acquisition of Hock Hoe Hin Forest Produce Sdn. Bhd. ("HHH"), a company principally engaged as a sawmill contractor. In doing so, we were not just able to save the input cost but also to ensure consistent supply of timber raw materials for the production of WPFM and ready-made frame products.

In addition, the Group had also purchased four (4) parcels of leasehold land, erected with a new manufacturing plant worth RM12.5 million in Bidor, Perak in order to expand our production capacity. We currently have a strong production capability with nine (9) factories, measuring a total factory built-up area over 699,000 sq. ft. and 391 total workforce to meet the increasing demand for our WPFM products.

Moving forward, the Group will actively seek all possible avenues and resources to weather the challenges ahead. Barring any unforeseen circumstances and with a clear vision, we are confident and optimistic about the Group's outlook in enhancing our shareholders' value in a sustainable and long-term manner.

Managing Director's Messages (cont'd)

FINANCIAL HIGHLIGHTS

With the increase in export sales of WPFM products, the strengthening of the US Dollar and the imposition of our prudent cost control measurements, the Group managed to deliver its strongest financial results in FYE 2022 amongst the past five (5) years.

Our revenue increased by 61.7% from RM48.76 million in financial year ended 31 December 2021 ("FYE 2021") to RM78.84 million in FYE 2022, while the PAT attributable to owners of the Company jumped from RM6.41 million in FYE 2021 to RM18.99 million in FYE 2022, which is a staggering surge of 196.3% year-on-year.

For further insights into CSCENIC's financial and operational performance, please refer to our Management Discussion and Analysis section of this Annual Report.

UPHOLDING CORPORATE GOVERNANCE

To foster long-term growth, the Board recognises that good governance structures are pivotal in supporting our business in this rapid changing market environment. The implementation of various policies has bolstered our culture of accountability, in which our workforce is guided by a set of governance policies and Standard Operating Procedures ("SOP") to ensure complete adherence to legal and ethical conduct.

During the year, the Board has taken the initiative to implement a new Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered for the appointment, re-appointment and/or re-election of the Directors of the Group.

For further insight into our measures in upholding corporate governance, please refer to the Corporate Governance Overview Statement ("CG Statement") in this Annual Report and the Corporate Governance Report ("CG Report").

EMBEDDING SUSTAINABILITY

At CSCENIC, the Board, supported by the AC and ERM, is ultimately responsible to steer and provide advisory on the Group's overall sustainability strategies and monitoring.

Since embarking on the implementation of our Sustainability Policy, we are pleased to enhance our sustainability reporting this year through the adoption of a Sustainability Scorecard which will enable us to have a better tracking on our sustainability performance against our sustainability objectives, guided by the identified sustainability indicators.

Further insight into our Sustainability initiatives and commitment to mitigate Economic, Environmental, Social, and Governance ("EESG") risks is covered under our Sustainability Statement of this Annual Report.

REWARDING SHAREHOLDERS

The Group has recently proposed bonus issue of up to 180,749,610 new ordinary shares on the basis of one (1) bonus share for every two (2) existing ordinary shares held by the shareholders. The proposed bonus issues are intended to reward the Group's existing shareholders for their loyalty and continued support to the CSCENIC Group by enabling our shareholders to increase the number of shares held with no cash outlay required, while retaining their percentage of equity interest held. Barring any unforeseen circumstances and subject to all required approvals, the bonus issue is expected to be completed by the second quarter of 2023.

On 29 March 2023, the Group proposed an interim single tier dividend of 5.5 sen per ordinary share totaling approximately RM13,600,000 in respect of the financial year ending 31 December 2023 ("FYE 2023").

APPRECIATION

Reflecting on how we have weathered another challenging year and achieved another milestone in FYE 2022, I would like to take this opportunity to express appreciation to my fellow Board members, Senior Management and the employees of CSCENIC Group. Their professional and excellent contributions, commitment and agility as one team has made it possible for the organisation to navigate through the challenges towards recovery and achieved a resilient financial performance in year 2022.

Our appreciation is also extended to our valued external stakeholders, including our customers, business associates, industry partners, financial institutions, regulatory bodies for their continuous and overwhelming support which has created a greater value for CSCENIC.

Mr. Lim Chee Beng
Managing Director

6 April 2023

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

CSCENIC has developed a well-founded reputation as one of the leading WPFM manufacturer and exporter in Malaysia as well as in the region. Our business journey started humbly with the first wooden frame moulding being made and marketed in 1998. To-date, the Group has a broad range of products and services which are categorised into the following three (3) business segments: -

Segment	Principal Business Activities
WPFM	Manufacture and sale of wooden picture frame mouldings
Other timber products	Manufacture and sale of other timber products, i.e., wooden pallets
Property holding	Holding and rental of properties

Thriving in this evolving business environment, we offer a wide variety of WPFM product such as wood stained, matt colour, decorative gilding, gloss lacquer, laminated veneer, washed and distressed in order to satisfy and attract more customers from different demographics.

The Group has a broad global market presence where more than 90% of our WPFM is exported to North America, Australia, Europe and Japan. To support our customers' demand, we had on 20 October 2021 entered into a Sales and Purchase ("SPA") Agreement to purchase a new manufacturing plant located at Bidor, Perak in order to expand our production capacity. The acquisition of the Bidor's manufacturing plant was completed on 1 April 2022.

As at 31 December 2022, we have a strong production capability with nine (9) factories, measuring a total factory built-up area over 699,000 sq. ft. and 391 total workforce in place to meet the increasing demand for our WPFM products.



FYE 2022 marks a new milestone for the Group as we venture upstream into the timber sawmilling industry through the acquisition of Hock Hoe Hin Forest Produce Sdn. Bhd. ("HHH"), which is principally engaged as a sawmill contractor. We believe such horizontal acquisition enables the Group to capitalise on synergistic effect which will enable the Group to achieve greater height and success.

FINANCIAL PERFORMANCE REVIEW

	FYE 2022	FYE 2021	Variances	
	RM'000	RM'000	RM'000	%
Financial Indicators				
Revenue	78,841	48,758	30,083	61.7
Gross profit ("GP")	31,999	16,803	15,196	90.4
PBT	22,741	8,579	14,162	165.1
PAT	18,994	6,408	12,586	196.4
Financial Ratios				
GP margin (%)	40.6	34.5	6.1	
PBT margin (%)	28.8	17.6	11.2	
PAT margin (%)	24.1	13.1	11.0	

Management Discussion & Analysis (cont'd)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

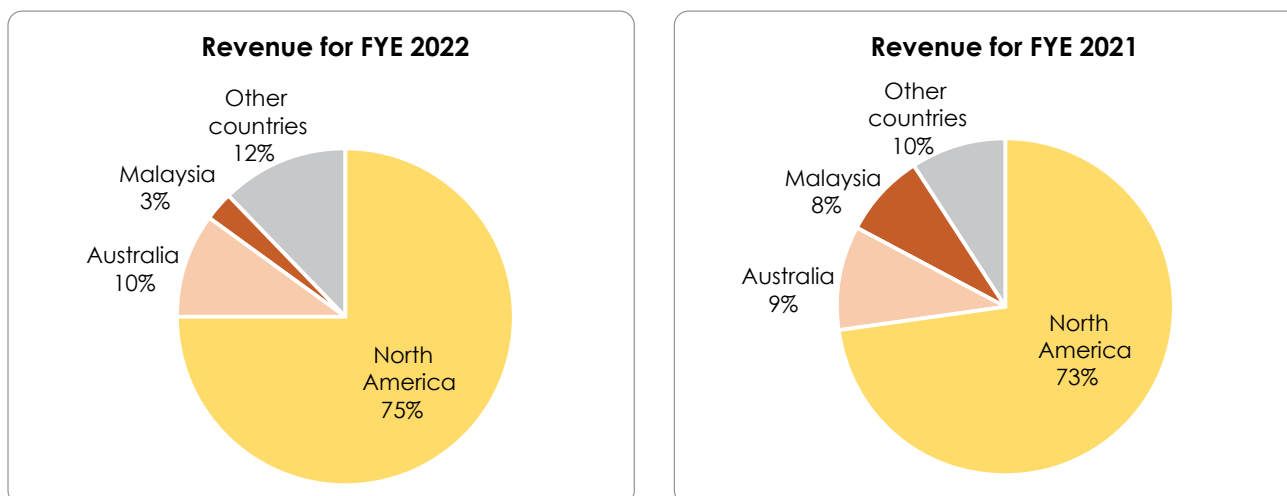
FYE 2022 was an amazing year for the Group as we achieved a record-high financial performance in terms of revenue and PAT. Our revenue increased by RM30.08 million or 61.7%, from RM48.76 million in FYE 2021 to RM78.84 million in FYE 2022. The surge in our revenue was mainly driven by the strengthening of the US Dollar as well as the higher export sales of WPFM products in conjunction with the reopening of country borders.

In line with the surge in our revenue, our GP in FYE 2022 has almost doubled to RM32.00 million as compared to RM16.80 million in the preceding financial year. Despite the rising cost of raw materials, our Group managed to achieve higher GP and GP margin mainly due to the strengthening of US Dollar as well as the lower input cost through a more efficient use of raw materials. It is also worth mentioning that our strategic business decision to venture upstream into sawmilling industry have also contributed to certain cost savings which in turn, improved our overall GP margin. As a result, our overall GP margin improved by 6.1% from 34.5% in FYE 2021 to 40.6% in FYE 2022.

With the significant increase in our revenue, GP and GP margin, the Group recorded an impressive growth in our PBT and PAT, which have increased by RM14.16 million or 165.1% and 12.59 million or 196.4% respectively as compared to FYE 2021. Similarly, our PBT margin and PAT margin have also improved by approximately 11.0% as compared to previous financial year.

Operation Review by Countries

Our revenue segmentation by primary geographical markets for the FYE 2022 and FYE 2021 are shown as follows:-



During FYE 2022, our export revenue accounted for approximately 97% of the Group's total revenue, whereas the remaining 3% was contributed by local sales of WPFM and wooden pallets. Revenue generated from North America remains as our key revenue contributor in FYE 2022, amounting to RM59.04 million or 75% of our total revenue, representing an increase of RM23.27 million or 65.1% as compared to FYE 2021. The significant increase in export revenue from North America is likely due to the geopolitical tensions arising from the fraught relationship between the USA and China where certain USA customers have diverted their imports from China to Southeast Asia, one of which is Malaysia, resulting by the imposition of anti-dumping tax on wooden products imported from China.

Meanwhile, our local sales revenue portion has decreased by RM2.04 million or 50.9% from RM4.01 million in FYE 2021 to RM1.97 million in FYE 2022 mainly due to the decrease in sales of wooden pallets.

Management Discussion & Analysis (cont'd)

FINANCIAL POSITION REVIEW

Statement of Financial Position

	31.12.2022	31.12.2021	Variances	
	RM'000	RM'000	RM'000	%
Financial Indicators				
Non-current assets	114,858	96,092	18,766	19.5
Current assets	60,720	54,287	6,433	11.8
Total assets	175,578	150,379	25,199	16.8
Non-current liabilities	8,460	7,319	1,141	15.6
Current liabilities	6,290	5,157	1,133	22.0
Total liabilities	14,750	12,476	2,274	18.2
Net assets	160,828	137,903	22,925	16.6
Net assets per share (sen)	64.99	57.22	7.77	13.6
Cash and cash equivalents	24,129	16,554	7,575	45.8
Financial Ratios				
Current ratio (times)	10	11	(1)	(9.1)
Trade receivables turnover (days) ⁽¹⁾	23	43	(20)	(46.5)
Trade payables turnover (days) ⁽²⁾	10	12	(2)	(16.7)

Notes: -

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

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

Our total assets increased by RM25.2 million or 16.8% from RM150.38 million as at 31 December 2021 to RM175.58 million as at 31 December 2022. The increase in our total assets is mainly due to higher cash and cash equivalents arising from the significant increase in our revenue as well as improved collections from our customers during FYE 2022. Our strong cash balances enabled our Group to purchase the four (4) parcels of industrial lands located in Bidor, Perak together with a manufacturing plant erected on the land by cash. The newly acquired manufacturing plant has a total land area and built-up area of approximately 520,000 sq. ft. and 230,000 sq. ft. respectively.

On the other hand, our total liabilities increased by RM2.27 million or 18.2% from the preceding financial year, mainly due to the increase in other payables resulted from the higher provision of bonus, which was in line with the Group's resilient financial performance, as well as the increase in deferred tax liabilities in relation to the acquisition of new manufacturing plant in Bidor, Perak.

The Group closed the financial year with a robust financial position with no borrowings, a healthy current ratio at 10 times, higher cash position of RM24.13 million and a stronger shareholders fund of RM160.83 million (FYE 2021: RM137.90 million). At the end of the financial year, our earning per share stood at 7.9 sen (FYE 2021: 2.7 sen) while our net asset per share amounted to 65.0 sen (FYE 2021: 57.2 sen).

Management Discussion & Analysis (cont'd)

FINANCIAL POSITION REVIEW (CONT'D)

Statements of Cash Flows

	31.12.2022	31.12.2021
	RM'000	RM'000
Net cash generated from/(used in) operating activities	21,892	(177)
Net cash used in investing activities	(18,248)	(5,477)
Net cash generated from/(used in) financing activities	3,931	(3,607)
Net change in cash and cash equivalents	7,575	(9,261)
Cash and cash equivalents at the beginning of the financial year	16,554	25,815
Cash and cash equivalents at the end of the financial year	24,129	16,554

As at 31 December 2022, we have generated a positive net operating cash flow of RM21.89 million, mainly driven by the significant increase in our PBT as well as the improvement in our trade receivable collections.

During the financial year, the Group has fully paid the remaining purchase consideration (net of the deposits paid in the previous financial year) for the new manufacturing plant located in Bidor, Perak which was the main contributor to the net cash outflow from investing activities of RM18.25 million as at 31 December 2022.

As at 31 December 2022, the Group recorded a net cash inflow from financing activities of RM3.93 million due to the exercise of warrants by our warrant holders.

CAPITAL STRUCTURE, RESERVES AND EXPENDITURE

As at 31 December 2022, the Company's share capital amounts to RM64.63 million comprising 247,456,680 ordinary shares with net asset per share of 65.0 sen. Barring any unforeseen circumstances, our Group shall have adequate working capital to meet our budgeted requirements after taking into consideration the following: -

- Strong current ratio of 10 times as at 31 December 2022, indicating that the Group have sufficient ability to meet its short-term obligations;
- Our cash and cash equivalents of RM24.13 million as at 31 December 2022; and
- The Group is zero-gearred as at 31 December 2022.

As of 31 December 2022, the Group has incurred a total capital expenditure of RM21.34 million, which consists of the following: -

Capital expenditure	RM'000
Leasehold land and building	13,021
Construction-in-progress	4,050
Forklift, plant and machinery	3,492
Renovation, office equipment, furniture and fittings	723
Computers	51
	21,337



Approximately 65.0% of the total capital expenditure incurred in FYE 2022 relates to the acquisition and upgrading of the new manufacturing plant in Bidor, Perak. This is followed by the purchase of plant and machineries, representing approximately 16.4% of our total capital expenditure incurred during the financial year.

As at 31 December 2022, our capital commitments are as follows: -

Capital expenditure commitments	RM'000
Property, plant and equipment contracted but not provided for in the financial statements	939

Management Discussion & Analysis (cont'd)

RISK RELATING TO OUR BUSINESS

Stability of Timber Supply and Fluctuation in Timber Prices

Timber logs are the primary raw material for the manufacturing process of WPFM, and the Group mainly sources its timber logs locally. The risk of shortage in supply of timber logs has been increasing over the years as the government tightens policies in order to manage the deforestation situation in the country. Measures initiated by the Forestry Department to control the annual timber harvesting volumes would also strain the supply of timber and result in timber price hike. In addition, weather and climate change are also amongst the factors that would affect the supply of timber, for instance, logging activities will be halted during the monsoon months due to wet weather conditions.

The Group is also exposed to the rising raw material cost mainly spurred by the global inflationary pressures as well as the geopolitical tensions caused by the Russia-Ukraine war which has resulted the overall commodity and raw material prices to surge, where timber is no exception.

The Group maintains a timber inventory level for at least six (6) months in order to cushion against any supply chain disruption in our operations. We also establish wide networking and maintain strong business relationship with our suppliers to ensure a smooth and efficient supply chain with favourable pricing. Where applicable, we are also seeking alternative timber species, such as plantation wood, in an effort to diversify our raw material sources and lower down our input costs while not compromising our product quality.

Fluctuations in Currency Exchange Rates

Approximately 90% of our export sales in FYE 2022 are denominated in US Dollar. Close regular monitoring of exposure of foreign currency risk is critical as the volatility of foreign currency exchange would significantly impact the Group's financial performance.

In order to mitigate the foreign exchange fluctuation risk, we have used forward foreign exchange contracts to hedge against the foreign currency movement.

Pandemic Risk

Despite the Covid-19 pandemic has now been transitioned into endemic phase, the Group acknowledges the inherent market risk triggered by the similar pandemic outbreak.

The Group is committed to reviewing and timely enhancing its pandemic SOP as well as to kick off the pandemic contingency plan, whenever necessary. We shall continue to be agile in business operation planning and coordinating in line with the government's latest policies at all times.

Competition Risk

Similar to all businesses, the Group faces competition from other manufacturers locally and globally. We face a higher market competition with the low-cost rivals in the industry.

In this regard, we continue to strengthen our industry positioning by improving our competitiveness in terms of the design, quality and pricing of our products. We are also improving our cost efficiency through automation, economies of scale and wastage reduction so as to enhance our competitiveness.

Management Discussion & Analysis (cont'd)

FUTURE PROSPECT AND OUTLOOK

The recently released USA economic data remains resilient thus far with the expectations of softening inflation. Coupled with the low and stable US unemployment rate, it would likely drive consumer spending on non-interest-rate-sensitive items, which would bode well for the Group. Nevertheless, the recent collapse of three (3) banks in the USA, the suggestion of more interest rate hikes and tightening of the monetary policy by the hawkish USA Federal Reserve would weigh on the economic growth and pose challenges to the Group.

The Group will actively seek all possible avenues and resources to weather the challenges ahead. The Group will continue to deliver high-quality and innovative products at competitive pricing, focus on increasing sales volume through collaboration with our customers to tap into the e-commerce and digital platform, and expand our customer reach to other countries through participation in various international furniture and wooden picture frame exhibitions and events.

The Group will also continue to strengthen and expand our workforce in order to increase the production capacity especially in our new manufacturing plant in Bidor, Perak. Barring any unforeseen circumstances and with a clear direction being spelled out, we are confident and cautiously optimistic about the Group's outlook in enhancing our shareholders' value in a sustainable and long-term manner.

DIVIDEND

Prudent cost control and cash conservation is one of the Group's main strategies in weathering the unprecedented Covid-19 pandemic since its eruption. Coupled with the capital requirement for the Group's business expansion, such as the acquisition of new manufacturing plant in Bidor, Perak, there was no dividend declared or paid in FYE 2021 and 2022.

On 29 March 2023, the Group proposed an interim single tier dividend of 5.5 sen per ordinary share totaling approximately RM13,600,000 in respect of the FYE 2023.

SUSTAINABILITY STATEMENT



Dear Valued Stakeholders,

In conjunction with the nation recovery from the global health crisis suffered in the past few years, the Group is now taking a step further towards its sustainability agenda by strengthening the sustainability initiatives and enhancing the sustainability disclosures.

In September 2022, Bursa Securities has introduced the enhanced sustainability reporting framework, elevating a more detailed and transparent sustainability disclosure guideline to provide more meaningful sustainability information for the public.

The Board is pleased to present this Sustainability Statement for the FYE 2022 ("Statement") that has incorporated the enhanced reporting standards, wherever applicable. This Statement intends to communicate our sustainability strategies and approaches in addressing material sustainability challenges and opportunities within the context of Economic, Environment, Social and Governance ("EESG") in our business operations.

SCOPE OF THIS STATEMENT

This Statement covers the Group's sustainability strategies and performance within the business operations in Malaysia from 1 January 2022 to 31 December 2022, unless otherwise specified. Where possible, historical data has been included to provide a meaningful comparison for our stakeholders in understanding the Group's sustainability performance over the years.

BASIS OF THIS STATEMENT

This Statement was prepared based on the available internal information with reference to Bursa Securities' Main Market Listing Requirements ("MMLR") relating to Sustainability Statements and its Sustainability Reporting Guide 3rd Edition. United Nations Sustainable Development Goals ("UNSDG") has also been referred as a guideline in mapping our material sustainability matters and developing the Group's sustainability strategies.

MATERIAL MATTERS ASSESSMENT

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

FEEDBACK

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

Sustainability Statement (cont'd)

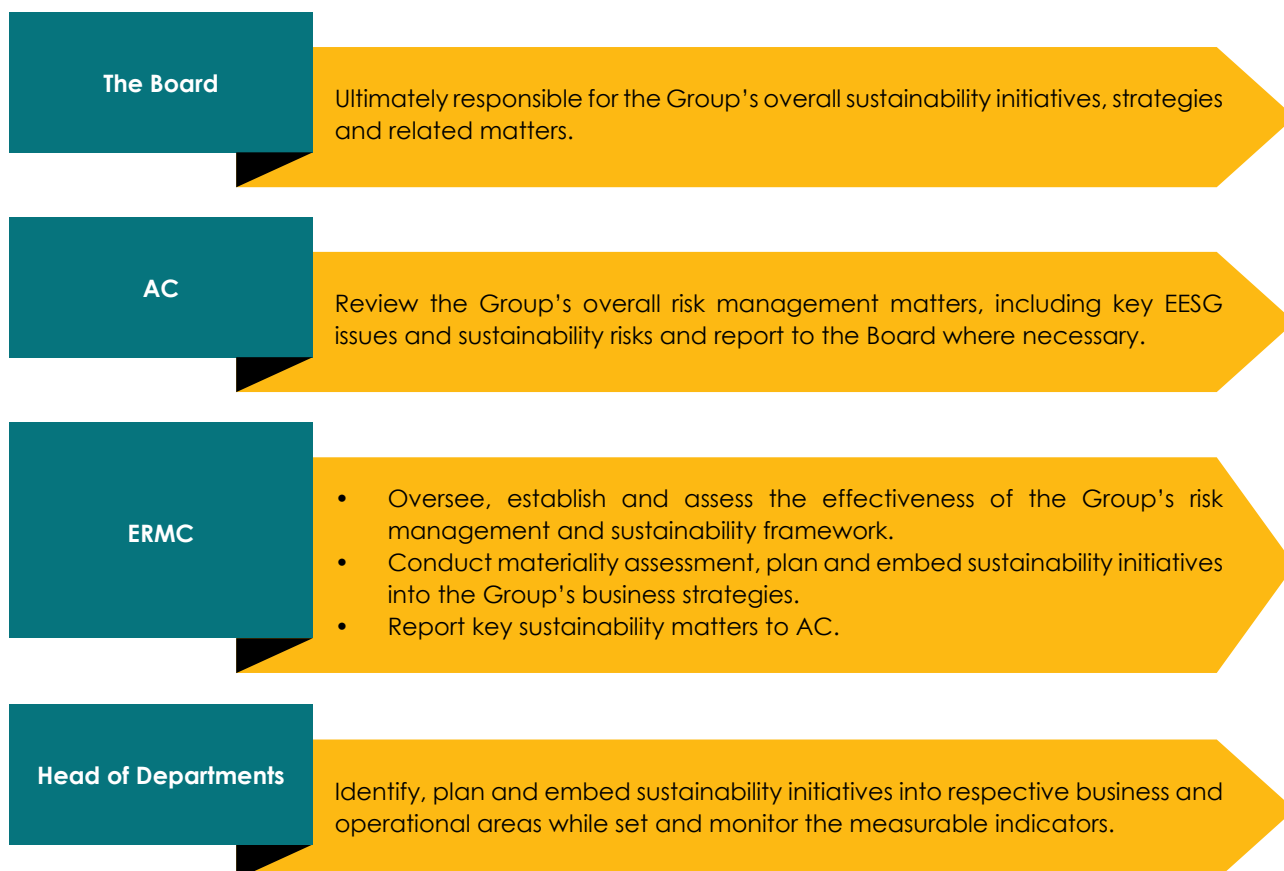
SUSTAINABILITY POLICY AND GOVERNANCE STRUCTURE

The Group is guided by its Sustainability Policy in implementing sustainable practices in the business operations whilst attempting to strike the right balance among economic success, environmental preservation as well as workplace and social welfare.

Key sustainability commitments highlighted in our Sustainability Policy include, amongst others: -

- To comply with all applicable environmental and labour laws, rules and regulations;
- To maintain an effective timber chain of custody ("CoC") management system and comply with the CoC requirements;
- To mitigate and prevent environmental pollution by achieving resources efficiency, continual operational improvement and equipment maintenance;
- To provide equal employment opportunities and diversity with no discrimination;
- To treat all employee equally with respect and dignity with zero tolerance to any physical, sexual, psychological or verbal harassment or abuse; and
- To provide a safe and healthy workplace environment, adequate training and protective equipment to employees.






Sustainability management is one of the Board's key agenda. The Board is ultimately responsible to steer and provide advisory on the Group's overall sustainability strategies and monitoring. The sustainability governance in the Group remains driven by the "tone from the top", illustrated as follows: -



Sustainability Statement (cont'd)

STAKEHOLDERS ENGAGEMENT

Effective stakeholders communication remains essential to the Group to understand our stakeholders' needs and expectations in order to develop our sustainability strategies and priorities. The AC, assisted by the ERM, had on 17 February 2023 conducted an assessment on the Group's stakeholders' engagement. A summary of our stakeholders' engagement is illustrated as follows: -

<p>Areas of Interests: -</p> <ul style="list-style-type: none"> • Revenue and profit growth • Market share and competitiveness • Company reputation • Sustainable dividend stream • Corporate ESG responsibility <p>Engagement Approaches: -</p> <ul style="list-style-type: none"> • Annual General Meeting ("AGM") • Quarterly financial result • Annual Report • Press release • Company website  <p>Shareholders</p>	<p>Areas of Interests: -</p> <ul style="list-style-type: none"> • Purchase pricing, order term and conditions • Delivery lead time • Product quality and safety • Service level and effective communication • Corporate ESG responsibility <p>Engagement Approaches: -</p> <ul style="list-style-type: none"> • Yearly customer satisfaction survey • Yearly business visit • Customer complaint • Company website  <p>Customers</p>	<p>Areas of Interests: -</p> <ul style="list-style-type: none"> • Fair pricing, terms and condition • Payment terms and condition • Effective communication and long-term business relationship <p>Engagement Approaches: -</p> <ul style="list-style-type: none"> • On-going interaction • Yearly supplier evaluation • Supplier audit and/or site visit  <p>Suppliers</p>
<p>Areas of Interests: -</p> <ul style="list-style-type: none"> • Job satisfaction • Career development and advancement • Competitive remuneration package • Working environment • Occupational safety and health • Balance gender diversity • Corporate ESG responsibility <p>Engagement Approaches: -</p> <ul style="list-style-type: none"> • Company meetings and engagement • Biennial employee survey • Yearly employee performance appraisal • Employee training evaluation • Master training plan • Yearly production operator health surveillance  <p>Employees</p>	<p>Areas of Interests: -</p> <ul style="list-style-type: none"> • Legal and regulatory compliance • Corporate governance • Financial crime prevention • Cultivation of an ethical and risk awareness workplace • Corporate ESG responsibility <p>Engagement Approaches: -</p> <ul style="list-style-type: none"> • On-going legal training or seminar • Periodic reporting and updates to regulators • Internal audit • Bursa announcement • Renewal of licenses and permits  <p>Government/ Regulators</p>	

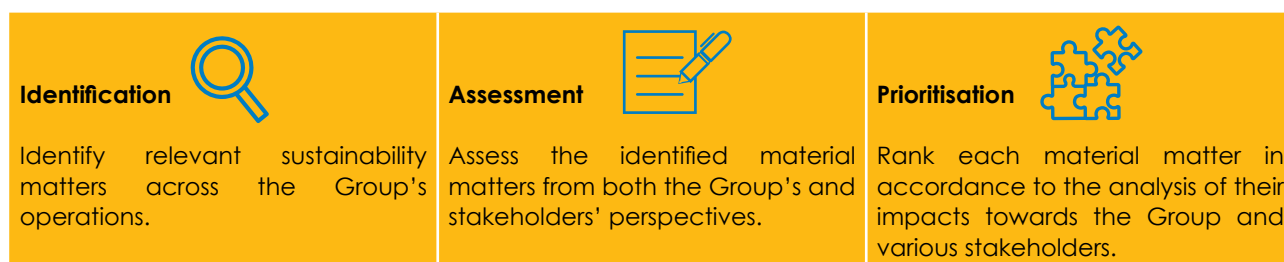
Sustainability Statement (cont'd)

MATERIAL MATTERS ASSESSMENT & SUSTAINABILITY STRATEGIES

Materiality Assessment Process

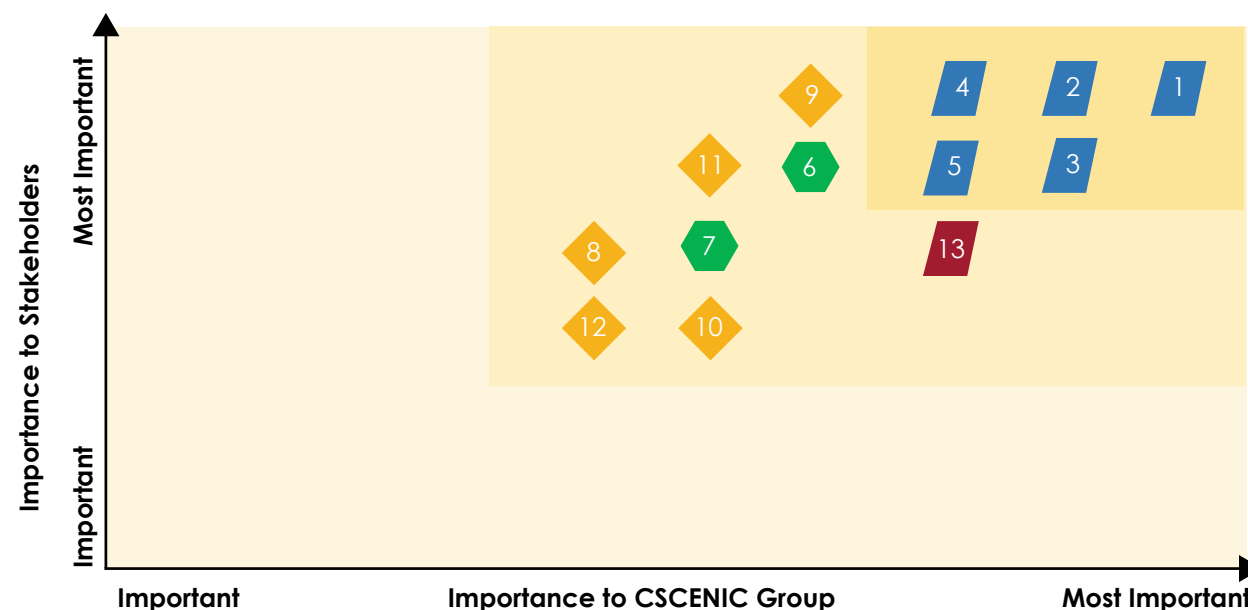
The Board regards materiality assessment as an essential step in the Group's sustainability management as it enables us to identify and prioritise the key sustainability issues that matter the most to the Group and our various stakeholders.

After gaining insights from our various stakeholders, the AC together with ERM, had performed an annual risk materiality assessment and mapping on 17 February 2023 via a three-step process as follows: -



Material Matters Matrix

We have revisited and re-assessed the thirteen (13) material sustainability matters identified last year and adjusted the materiality ranking and grouping to better reflect their importance to the Group and stakeholders in FYE 2022. The following material matters matrix has depicted the Group's material sustainability matters, scaling from "Important" to "Most Important" respectively: -



ECONOMIC	ENVIRONMENT	SOCIAL	GOVERNANCE
1 Business Growth and Expansion	6 Environmental Monitoring & Compliances	8 Workforce Diversity	13 Corporate Governance
2 Raw Material Sourcing	7 Energy Conservation	9 Occupational Safety & Health	
3 Research & Development		10 Training & Development	
4 Product & Services Quality		11 Employee Welfare & Engagement	
5 Customer Expectation & Satisfaction		12 Community Outreach	








Sustainability Statement (cont'd)

MATERIAL MATTERS ASSESSMENT & SUSTAINABILITY STRATEGIES (CONT'D)

Sustainability Strategies & UNSDG Mapping

With reference to the UNSDG introduced in September 2015, CSCENIC Group attempts to contribute towards the achievement of SDG blueprint by 2030. In this respect, we have mapped six (6) SDGs to our material sustainability matters and have developed the corresponding sustainability strategies to address such opportunities and risks, summarised as follows: -

Vision	We wish to see our wooden picture frame mouldings pleasingly adorn walls and shelves on all corners of the world, invoking smiles and nurturing pride
Mission	To be a world-class designer-manufacturer of wooden picture frame mouldings, encompassing the highest standards in areas of aesthetic and elegance, at competitive costs, and with full cognisance of long-term environmental sustainability

	Economic	Environment	Social	Governance
Material Matters	<ul style="list-style-type: none"> Business Growth & Expansion Raw Material Sourcing Research & Development Products & Services Quality Customer Expectation & Satisfaction 	<ul style="list-style-type: none"> Environmental Monitoring & Compliances Energy Conservation 	<ul style="list-style-type: none"> Workforce Diversity Occupational Safety & Health Training & Development Employee Welfare & Engagement Community Outreach 	<ul style="list-style-type: none"> Corporate Governance
Sustainability Strategies	<ul style="list-style-type: none"> To understand customers' behaviors, needs and expectations To adopt responsible raw material sourcing via local procurement To continuously improve on the quality and variety of products and services 	<ul style="list-style-type: none"> To utilise natural resources To conduct environmental monitoring and assessment To encourage green actions and promote energy efficiency 	<ul style="list-style-type: none"> To create a safe, healthy, diverse and conducive workplace To provide on-going training programs To adopt regular employee engagement To connect with and contribute to the community 	<ul style="list-style-type: none"> Strictly adhere to all applicable laws and regulations
UNSDG Mapping		 	  	

Sustainability Statement (cont'd)

SUSTAINABILITY SCORECARD

On top of our material matters assessment and sustainability strategies development, we are delighted to introduce our sustainability scorecard this year. Sustainability scorecard enables us to have a better tracking on our sustainability performance against our sustainability objectives, guided by the identified sustainability indicators. As this is the first year for us to keep track on our sustainability footprint, respective sustainability targets will be determined at a later stage after assessing our existing sustainability controls and requirements. The sustainability scorecard reporting on the latest three (3) financial years are as follows: -

	Indicator	FYE 2020	FYE 2021	FYE 2022
Economic	Local procurement (%)	87.1	89.5	97.9
	Number of customer complaint	37	17	50
	• Major complaint	0	0	2
	• Moderate complaint	6	2	20
	• Minor complaint	31	15	28
	Customer satisfaction level (out of 5)	4.45	4.45	4.35
Environment	Scheduled waste SW416: -			
	• Total weight (kg)	14,230	4,604	14,826
	• Ratio to production (kg per 1000 ft.)	1.00	0.29	0.78
	Scheduled waste SW409: -			
	• Total weight (kg)	1,016	350	370
	• Ratio to production (kg per 1000 ft.)	0.07	0.02	0.03
	Scheduled waste SW418: -			
	• Total weight (kg)	27,653	30,706	58,000
	• Ratio to production (kg per 1000 ft.)	1.95	1.92	2.98
	Number of air emission assessment	1	(2)	2
	Total green fund contribution (RM)	6,800	3,500	15,037
Social	Annual employee turnover rate (%)	17.0	2.6	17.2
	Number of work-related injuries	13	11	10
	Total lost time over total working time (%)	0.30	0.30	0.08
	Number of safety training	3	3	14
	Average training hour: -			
	• Per office employee (hour)	(1)	12	18
	• Per production employee (hour)	(1)	0.4	2
	Total training & development costs (RM)	(1)	30,000	25,000
	Employee survey score (%)	(2)	(2)	75%
	Number of community events participated	-	-	4
	Total donations/sponsorship contributions (RM)	(3)	3,500	25,900
Governance	Number of penalties/fines/settlements imposed by authorities	-	-	3
	Number of public cases against authorities/non-governmental organisation ("NGO")	-	-	-
	Number of employees dismissed/disciplined due to breach of laws and regulations	-	-	-

Notes: -

- (1) Not available due to proper tracking was only carried out since FYE 2021.
- (2) The conduct of the event had been delayed due to Covid-19 pandemic.
- (3) 500 pieces of N95 face masks and some medical PPE were donated to support healthcare workers during Covid-19 pandemic. However, the relevant monetary value was not recorded.

Sustainability Statement (cont'd)

ECONOMIC

Business Growth and Expansion

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

It is a drastic spike for our financial performance in FYE 2022 where our revenue has increased by 61.5% from RM48.8 million to RM78.8 million while our net profit increased by 196.9% from RM6.4 million to RM19.0 million, mainly driven by the higher export sales due to re-opening of borders. Such financial improvement has proven our business resilience and sustainability to navigate through the challenging times.

Presently, CSCENIC Group remains as one of the largest WPFM manufacturer and exporter in Malaysia, having global market presence mainly in North America, Australia, New Zealand, Japan and Europe. The Group's international presence are often two sides of the same coin as we are highly exposed to the foreign currency exchange risk. In this regard, we will continue to monitor the global market conditions closely and devise forex hedging strategies from time to time.

While we are eager to grow globally, we have also expanded our production capacity through the acquisition (and upgrading) of a new manufacturing plant in Bidor, Perak. The said manufacturing plant was built on four (4) parcels of leasehold industrial land with a total built-up area of approximately 230,000 square feet. The said manufacturing plant was acquired via cash consideration of RM12.5 million, accounted for 65% of our capital expenditure in FYE 2022. We are confident that this acquisition will accelerate our business growth by driving a synergy effect with our existing WPFM manufacturing and sawmilling upstream activities. The maximisation of our in-house sawmilling capacity will also benefit the Group with cost savings from outsourcing activities, which in turn further enhance our competitiveness in the market.

Raw Material Sourcing

To ensure raw materials are procured responsibly

Serving as a WPFM manufacturer, timber is definitely our major raw material to sustain the business. We are well aware of the deforestation issue which has exacerbated the global climate change in recent decades. To this end, our Group adopts a long-standing strategy in responsible procurement, underpinned by our in-place timber CoC management system. This shall support the forest sustainability with good forestry practices in our procurement control.

Our timber CoC management system has been certified by the Forest Stewardship Council ("FSC-C021788") ("FSC®"), under the scope of "purchase of FSC® 100% sawn timber, manufacture using transfer system and sales of FSC® 100% wooden picture frame moulding" since 2009. The FSC® is an international non-governmental organisation that promotes environmentally appropriate, socially beneficial and economically viable management of the world's forest.

In spite of our sustainable raw material sourcing, the Group is also facing the on-going issue of depletion in local logs due to climate change. In this regard, we have developed the following mitigation plan to address such issue and to minimise the impact towards our business operations as well as the planet: -

- To continuously explore plantation wood as alternative timber source, whenever possible;
- To establish wider sourcing networking with timber log suppliers for seeking eco-friendly timber supplier so as to promote responsible sourcing practices; and
- To adequately train timber sourcing team to monitor and optimise timber yield from logs.

Sustainability Statement (cont'd)

ECONOMIC (CONT'D)

Raw Material Sourcing (Cont'd)

To ensure raw materials are procured responsibly (Cont'd)

Apart from raw material sourcing, we also place heavy emphasis on raw material costing in order to maintain our competitiveness and profitability in a sustainable manner. To this end, we will continue to monitor and control our material cost while not compromising our product quality. We will also provide continuous training to our production team to improve our productivity and reduce unnecessary wastages.

Sustaining in this evolving business environment, we are exposed to numerous uncertainties which may affect the stability of our supply chain. In order to ensure a smooth and efficient supply chain, the Group keeps the timber inventory level for at least six (6) months to prevent any supply chain interruption to our production.

In addition, the Group has put in place yearly supplier performance evaluation to assess the quality and suitability of our suppliers, together with their products, in satisfying our production requirements. Such evaluation covers several objective criteria, including material quality, costs, compliance, lead time and delivery, financial information accessibility and transparency as well as mutual beneficial relationship. For the FYE 2022, 76% of the evaluated suppliers have fulfilled our requirements whereas the remaining 24% of the evaluated suppliers are required to make an improvement and subject to further review and observation.

As a responsible corporation, we continue to cascade our sustainability commitments in our supply chain management by prioritising local suppliers for our procurement, whenever appropriate, in an effort to support our domestic economy in line with SDG Target 8.1. We are glad to highlight that we have put in considerable effort in local procurement this year where around 98% of our material procurements are sourced from local suppliers.



Research & Development

To continuously expand product range and improve operational efficiencies

Here in CSCENIC, we view our research & development ("R&D") capability as the key for us to stay competitive in the market. Notwithstanding the competitive pressure from low-cost manufacturers, we are able to stand out in the industry with our wide range of products, authentic product quality and reasonable product pricing, which all thanks to the support and effort from our R&D team.

Guided by the SDG Target 8.2, our R&D team has continued to strengthen our competitiveness with the following key initiatives undertaken in FYE 2022: -

- Improve cost-efficiency through raw material substitution, operational improvement, automation, economies of scale and wastages reduction;
- Develop new innovative and highly marketable products through collaboration with various suppliers, customers and external designers/students; and
- Introduce ten (10) new designs for moulding and frame to expand product variety.



ECONOMIC (CONT'D)**Products & Services Quality**

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

In view of our international customers based in various geographical locations that are subjected to climate changes, consistency in product quality is very important to retain trust and confidence from our customers.

Thereupon, we always put in place stringent controls throughout the production process in accordance to our Quality Policy. Our R&D team also supports the Group by continuously exploring and enhancing R&D to test and improve our product quality. We are glad to highlight that our quality management system has continued to be certified with ISO 9001, under the scope of "Manufacture of Wooden Picture Frame Mouldings" which has been obtained since 2001.



On top of product quality, product safety is also one of our top priorities. Assisted by our technical staff, the Group is committed to assure that our raw material safety levels meet the safety and health requirements and in compliance to the required regulations as follows: -

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

Customer Expectation & Satisfaction

To achieve customer satisfaction score of 4 or above

Understanding customers' expectation and satisfaction is the fundamental for us to assess our business performance and to identify any room for improvements. In this regard, we have implemented an annual customer satisfaction survey to assess our customers' satisfaction level and to obtain constructive feedbacks and comments.

The survey covers several aspects including product quality, packaging attributes, professionalism, customisation capabilities, technical and innovative capabilities, delivery lead time as well as the overall competitiveness. We have also included in the survey to seek for our customers' interest in the product design and style that they would like us to develop in the future. Through the survey, our customers had also provided their comments on our products and services for our continuous improvements.

For the FYE 2022, we have obtained 78% response rate on the customer satisfaction survey. It is another year for us to achieve our customer satisfaction score target where we have obtained an average rating of 4.35 out of full score of 5.

This year, we received a total of 50 complaints, comprising 2 major complaints, 20 moderate complaints and 28 minor complaints. The categorisations of complaints received are summarised as follows: -

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

Sustainability Statement (cont'd)

ECONOMIC (CONT'D)

Customer Expectation & Satisfaction (Cont'd)

To achieve customer satisfaction score of 4 or above (Cont'd)

Negative feedbacks received this year particularly on delivery lead time and product quality have caused our customers' complaints increased by 1.9 times as compared to 17 customers' complaints received in FYE 2021. Our delivery lead time and product quality has been affected by the Covid-19 pandemic in terms of labour shortage and supply chain disruption. Nevertheless, we shall take no excuse and continue to maintain and improve our products and services quality so as to meet or even exceed our customers' expectation moving forward.

All customers' feedback, complaint and comments can be directed to our marketing team at marketing@classicscenic.com. Our marketing team shall address customers' email within two (2) working days in accordance to our "Control of Non-conforming Product" SOP. Based on different level of customer complaint, we compensate our customer in different manners, such as full/partial refund or replacement of goods to be arranged for customers with major complaint as well as partial discounts to be provided for customers with moderate complaint. Presently, no financial efforts will be taken for minor complaints but customer's feedback will be considered for future improvement.

In line with this rapidly-changing environment, the Group acknowledges the importance of staying abreast with our customers' latest behaviour, preference and lifestyle in order to attract and retain our customers in supporting our products. We recently see changes in lifestyles, such as substitution of plastic and paper wrapping picture frame as well as the rising of virtual reality world, particularly our major market in North America, who appeared to be less interest in traditional wooden frame art product. Nevertheless, we still see a concrete demand on the wooden picture frame in line with the exquisite lifestyle trend globally.

ENVIRONMENT

Environmental Monitoring & Compliances

To comply with environmental rules and regulations and protect the environment

In view of the industry that we are involving in, the Group is committed to pursue green agenda by focusing on improving resource efficiency while minimising the toxic material used as well as the waste and pollutants generated throughout the production process. On 15 March 2022, the Group has revised its Environmental Policy, covering the following principles: -

- Comply with the relevant environmental legal and regulatory requirements;
- Prevent pollution, damage or deterioration of environment by addressing tangible aspect and internal/external issues determined through risk management procedure and life cycle considerations;
- Implement action plans for identified environmental objectives and identified threats/opportunities, assess environmental performance and address non-compliance and appropriate emergency situations; and
- Increase the awareness of proper material usage and environmental-friendly operation practices among employees. Employers and employees will share the responsibility of creating a clean and safe workplace and cultivate it as a culture.

ENVIRONMENT (CONT'D)

Environmental Monitoring & Compliances (Cont'd)

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

In the spirit of SDG Target 12.2, we strive to optimise the utilising of resources and minimise the wastage whenever possible. In this respect, we have implemented the timber yield monitoring and timber usage optimisation strategies. Wood wastes such as short woods, wood chips and saw dust generated from our production are being recycled and reused in our production. For example, short woods are jointed into long lumber to create premium finished products while wood chips and saw dust are utilised to generate heat and produce energy to the Group's kiln-drying plant. Furthermore, the saw dust is turned into wood briquette as biomass.






Scheduled waste is a main concern under our environmental monitoring and compliance purview. Our wastes generation have increased this year in line with the better business performance. As guided by the Group's SOP and working instructions pertaining to the scheduled waste management, all scheduled wastes shall be stored at the designated area with proper labelling and to be declared in the Electronic Scheduled Waste Information System ("eSWIS") under Department of Environment ("DOE") before disposal.



In CSCENIC Group, scheduled wastes are disposed through licensed scheduled waste contractors within 180 days from generation. Particularly, with SDG Target 6.3 in mind, all paint sludge is collected into a collection point before disposal in order to minimise water contamination. To this end, we have appointed a competent person, who is well-trained and accredited with the Certified Environmental Professional in Scheduled Waste Management ("CePSWaM"), to monitor the Group's scheduled waste management.

The Group generally generate three (3) major type of scheduled wastes, including paint sludge (SW416), contaminated container/bag/equipment (SW409) and discarded ink/lacquer (SW418). The generation and disposal of such scheduled wastes in FYE 2022 are tabled as follows: -

Scheduled Waste	 SW416	 SW409	 SW418
Total weight generated	14,826 kg	370 kg	58,000 kg
Ratio of waste to production (per thousand feet)	0.78 kg	0.03 kg	2.98 kg

We regret to inform that we were imposed with two (2) compounds amounting to RM209,400 for the breach of Environmental Quality (Scheduled Wastes) Regulations 2005 due to improper scheduled waste handling and management during the year. We acknowledged our oversight and will continue to improve on our scheduled waste management moving forward.

During FYE 2022, our Environmental Committee and designated production workers have attended two (2) scheduled waste management internal trainings to keep themselves updated with the relevant knowledge and latest compliance matters.

On a separate note, our manufacturing facilities such as hot water boiler, blowers, wood impregnation plants and air receiver tanks are certified by the Department of Occupational Safety and Health ("DOSHS") in compliance with The Factories and Machinery Act 1987. Pursuant to the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000, we have also engaged a registered hygiene technician to conduct an annual Local Exhaust Ventilation ("LEV") System assessment. The assessment result shows that our chimneys in the manufacturing plants are working effectively.

Sustainability Statement (cont'd)

ENVIRONMENT (CONT'D)

Environmental Monitoring & Compliances (Cont'd)





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

Apart from the above, we monitor our air emission closely as air emission is inevitably generated from our wood-making process. Such air emission is monitored by our Certified Environmental Professional in Bag Filter Operation ("CEPBFO") competent person. In addition, we have engaged an independent environmental consultant certified by the DOE to conduct a stack emission monitoring assessment for the FYE 2022. The said assessment was carried out in accordance with the recognised standard of MS ISO 1596:2003. Based on the assessment outcome, we are glad to highlight that the Group has complied to the Malaysian Clean Air Regulations 2014 with air emission from our chimneys and the boilers within the regulated particulate matter ("PM") level and non-methane volatile organic compounds ("NMVOC") level.

Energy Conservation

To reduce waste of energy

Similar to commitments made last year, we continued to conserve energy so as to achieve energy efficiency across the Group's operation with the following initiatives: -

	<p>Installation of Light Emitting Diode ("LED") Lighting</p> <p>Energy efficient LED lightings such as T8 fluorescent tubes, are installed at our production floor areas to conserve energy while saving electricity costs for the Group.</p>
	<p>Reduction in Carbon Footprint</p> <p>We encourage our employees to leverage on technology and optimise the use of virtual conference facilities to conduct meeting and discussion in order to minimise physical travelling and the emission of carbon footprints.</p>
	<p>Investment in Solar Energy</p> <p>We have appointed Pekat Group Berhad to install solar photovoltaics ("PV") systems at our four (4) factory buildings in Rawang, Selangor in year 2022. Such installation is still in-progress and is expected to generate approximately 1.3 gigawatt hours of green energy, which is equivalent to power 258 Malaysian homes for the entire year upon completion.</p>
	<p>Environmental Green Fund Scheme</p> <p>Since 2010, we have established an Environmental Green Fund Scheme to raise awareness on energy saving in our commercial and operational activities along with the promotion of 3Rs concept (Reduce, Reuse, and Recycle) across the Group. With such initiatives implemented across the Group, we have saved approximately RM15,000 in FYE 2022, which will be shared amongst all employees as well as to support a group of underprivileged employees.</p>

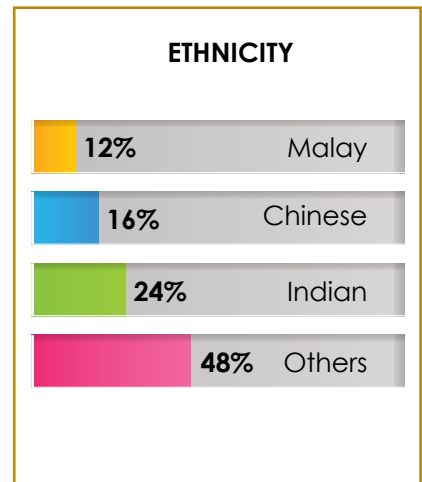
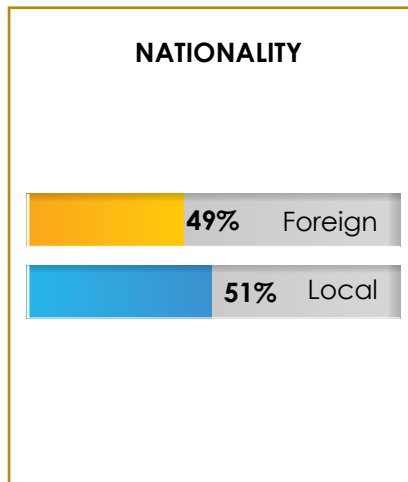
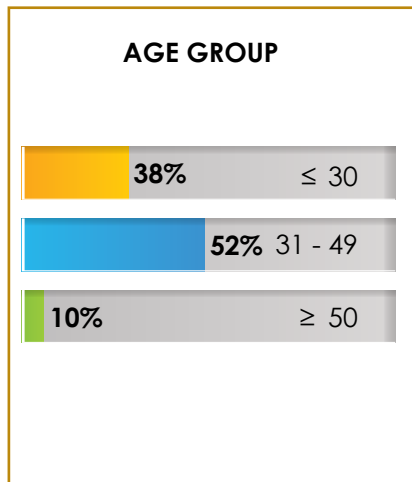
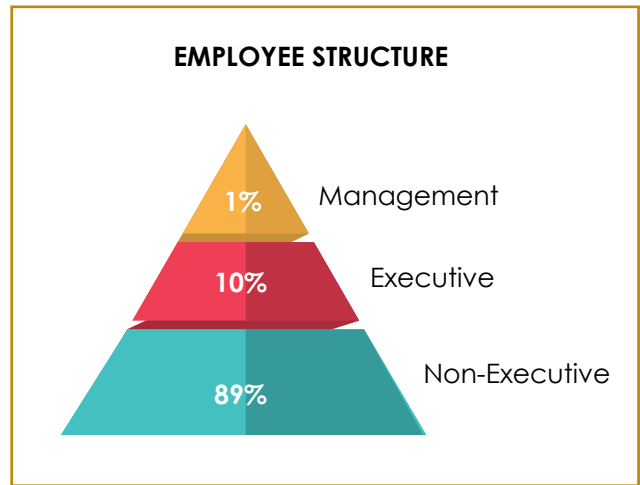
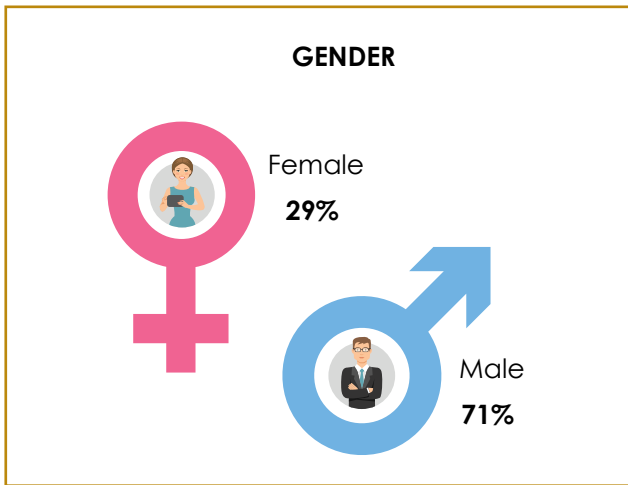
Sustainability Statement (cont'd)

SOCIAL

Workforce Diversity

To manage employee turnover rate within 20%

Here in CSCENIC Group, we steer our business in the support and respect of fairness and equality. We place great emphasis on fostering a diverse and inclusive workplace in order to boost greater innovation and productivity in business operations. As at 31 December 2022, we have a total of 391 employees with mixed background in terms of gender, age group, ethnicity, nationality and employee structure, illustrated as follows: -



Given the growing concern on gender diversity, we are committed to promote gender equality and diversity in line with our Gender Diversity Policy, especially for our Board and Senior Management positions. To support SDG Target 5.5, we are maintaining a 40% women participation at top management level as at 31 December 2022.

While attracting and recruiting the right talents to our Group, we also recognise the importance of retaining our people for the development of long-term business sustainability. We understand that the effectiveness of our human capital correlates to employee's loyalty, hence we have set a target of maintaining an annual employee turnover rate of within 20%. We are glad to share that our employee turnover rate for the FYE 2022 is within our target, i.e., 17.2%.



Sustainability Statement (cont'd)

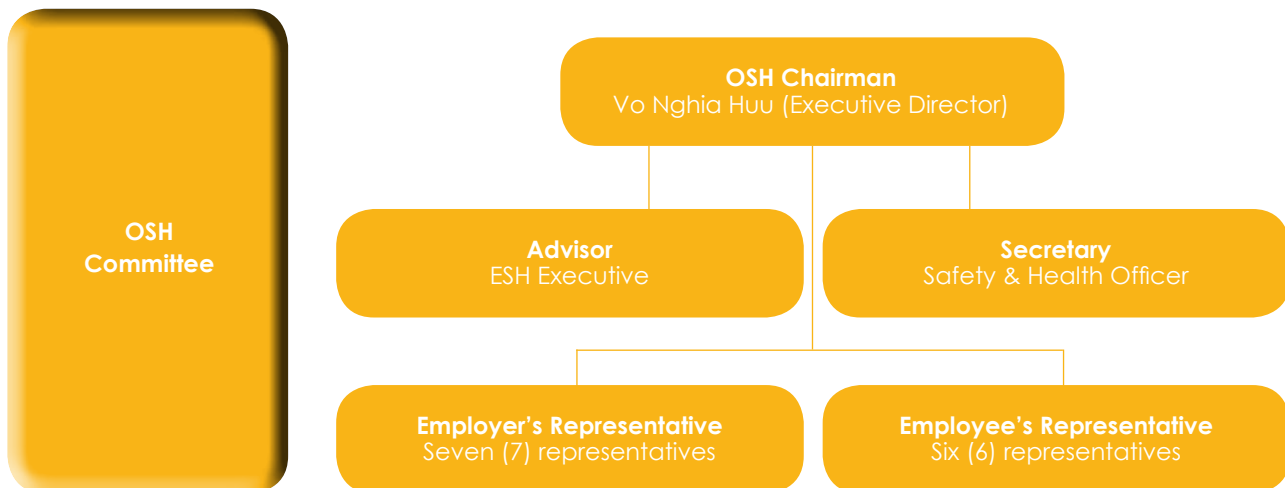
SOCIAL (CONT'D)

Occupational Safety & Health

To minimise injury and accident at workplace

We believe that a strong, healthy and safety workplace sets the foundation for our business to thrive as it underpins both our operational productivity and business continuity. With SDG Target 8.8 in mind, the Group's occupational health and safety ("OSH") affairs are benchmarked against the applicable laws and legislation, which include the Occupational Safety and Health Act 1994 as well as Factories and Machinery Act 1967.

This year, we have revisited and revised the structure of our OSH Committee as well as our Safety and Health Policy. Our OSH Committee is led by our Executive Director, Mr. Vo Nghia Huu. The OSH Chairman is supported by Safety & Health Officer serving as the secretary and Environment, Safety and Health ("ESH") Executive as the advisor in the OSH Committee.



Safety and Health Policy

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

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Occupational Safety & Health (Cont'd)

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

The OSH Committee is responsible to perform safety inspection across the Group's operations on a quarterly basis to ascertain if there is any detrimental situation which may affect our people's health and safety. Several areas and aspects are covered under the inspection, including: -

- Floors and walkways;
- Entrances and exits;
- Forklift;
- Machine;
- Electrical;
- Personal protective equipment ("PPE");
- First aid box;
- Equipment and machinery;
- Fire safety and security;
- Housekeeping;
- Chemicals;
- Hygiene;
- Workers' compliance; and
- Workplace environment.

During FYE 2022, we attended eight (8) safety related trainings, pertaining to the understanding of OSH regulations, first aid knowledge as well as the proper use and safety handling of forklift truck. However, we regret to inform that ten (10) work-related injuries were reported with 0.08% total lost time over the total working time during the financial year. As part of the standard practice, all injuries and incidents were reported immediately to the relevant supervisor, Human Resources Department and OSH Committee to ensure that necessary corrective actions and preventive measures are taken promptly. We strive to improve our OSH management in an attempt to achieve a zero-injury workplace moving forward.

In view of the Group's production nature that involves certain level of chemical exposure, we have sent 35 selected employees for annual medical surveillance. We are glad that all of them are in good health condition. In addition, as advocated by SDG Target 3.8, all our employees are covered by the benefits of medical consultation, group hospitalisation insurance, group personal accident insurance and group term life insurance, depending on respective job grades.

In spite of moving into the endemic transition phase and almost to normalcy, we will continue to maintain a clean, safety and healthy working environment for our people.



Training & Development

To support the development of workforce

In navigating the evolving business landscape, it is important for the Group to maintain a strong and future-proof talent pipeline. In our Group, our employees are recommended to join the yearly structured training programmes to sharpen their skills and enhance their competencies. Should an employee feel that he/she requires certain training or development, he/she may discuss with their department manager. Training will be provided accordingly if the department manager concludes that it is necessary.

In FYE 2022, we have invested approximately RM0.02 million for employees' training and development. We have seen improvement on the average training hours on both office and production employees from 12 and 0.4 hours in FYE 2021 to 18 and 2 hours in FYE 2022 per employee respectively. In conjunction with the upliftment of social restrictions, we have attended more training programmes, i.e., 35 training programmes in FYE 2022 as compared to 12 training programmes attended in FYE 2021.

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Training & Development (Cont'd)

To support the development of workforce (Cont'd)

Training Programmes Attended during FYE 2022	
March 2022	<ul style="list-style-type: none"> Bursa Malaysia Mandatory Accreditation Programme (MAP) Webinar on the Essentials of Import and Export, Transit and Transshipment Procedures, Plus the Latest SST Rules Webinar on Forced Labour - Industry Responsibility on Preventing and Addressing Forced Labour Issues Noise Training
April 2022	<ul style="list-style-type: none"> Cyber Security Awareness Understanding the Occupational Safety and Health (Amendment) Act for Employers Chemical Awareness & Handling Training
May 2022	<ul style="list-style-type: none"> Practical Ways to Manage Withholding Tax and Transfer Pricing Risk and Issues Everything About Wages and Leave
June 2022	<ul style="list-style-type: none"> Sales Tax for Manufactures and Sub-Contractors How to Improve Stock Accuracy & Conduct Stock Count Supply Chain Management Concept and Strategies FMM Webinar on New Customs Harmonised System (HS) Codes 2022 Employment Act 1955 & Amendments First Aid & CPR Training Advance Research on Occupational Safety Health & Environment 2022 Quality Training 2022
July 2022	<ul style="list-style-type: none"> Foreign Workers Employment 2022 Technical Report Writing MTC's Social Media Content Creation Workshop Safety Handling of Forklift Truck Anti-bribery And Corruption of Classic Scenic Group
August 2022	<ul style="list-style-type: none"> Safety Handling of Forklift Truck SHOTS - Safety & Health Officer Transformation Seminar Enhanced Social Compliance Practices in Employment of Migrant Workers in the Malaysian Timber Industry Schedule Waste
September 2022	<ul style="list-style-type: none"> Payroll: Effective and Efficient Payroll Management Webinar on Exploring Trade and Investment Opportunities with Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) CePBFO - Course for Certified Environmental Professional in Bag Filter Operation MTC's Virtual Marketing Seminar 2022
November 2022	<ul style="list-style-type: none"> SMETA Awareness Course Webinar on Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP): Impact of new OSH (Amendment) Act 2022 and its Regulation to industries SGS Impactful of Sustainability Reporting
December 2022	<ul style="list-style-type: none"> FMM Industry 4.0 Conference

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Employee Welfare & Engagement

To take care of employees' interests and welfare

To ensure a high-performing operation for long-term resilience and success, we offer various benefits to safeguard and promote our employees' wellbeing so as to bring their best to work every day. We implement an annual increment review on our employees' remuneration and benchmarked against the market rate in order to retain and motivate them.

In addition to a series of leaves granted for employees, we also offer Cost of Living Allowance ("COLA"), performance incentives, night shift allowance, full attendance incentives and grade incentives, according to their respective job grade, job scope and performance, in order to support and take care of our people in this rising living costs environment.

It is also worth mentioning that the Group has long service award in place to reward the employees who has stay with the Group for ten (10) years and above as a form of appreciation to their efforts, dedication and loyalty. For the FYE 2022, we are delighted to share that we have five (5) employees entitled to the long service award, of which one (1) of them have been working with the Group for ten (10) years while the remaining four (4) employees have been staying with the Group for twenty (20) years.

While providing benefits to motivate our employees, we also listen to our people's views and feedbacks. The Group has adopted an "Open Door" policy, allowing employees to freely and easily raise their opinions and concerns to the Management. Translator is also arranged for the foreign workers who only know their mother tongues to allow them to express their voice easily.

We have also put in place a formal grievance mechanism to provide a channel for dialogue and problem-solving. Under our grievance mechanism, communication is emphasised to clear doubts and avoid unnecessary friction and misunderstanding with the following procedures: -

STEP 1

Any employee alleging that he/she has a grievance may immediately lodge with his superior.

STEP 2

If within two (2) working days, the grievance has not been resolved to the satisfaction of both parties, the matter may then be referred to the relevant department manager.

STEP 3

If an agreement is not reached with the department manager within three (3) working days, the matter may then be referred to the human resources manager.

STEP 4

If no solution resulted within another three (3) working days at the human resources manager, the matter may then be referred to the Executive Directors.

Aside from grievance mechanism, Employee Job Satisfaction Survey is also conducted once every (2) years to gauge our people's opinion and experience in working with the Group. This survey covers four (4) key aspects, including the job satisfaction level, awareness on corporate value, relationship with direct superior as well as leadership. Employees may also express their comments and suggestions for the Group to improve further on operational efficiencies or employees' welfare. For the FYE 2022, we have obtained 75% average employee survey score, with 75% and 51% participation rate from the office and production employees respectively. We will continue to take our employees' feedbacks into consideration in running our daily business.

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Employee Welfare & Engagement (Cont'd)

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

The Group also acknowledges that a conducive workplace leads to lower staff turnover and likely to enhance productivity and efficiency. During FYE 2022, we have organised Annual Appreciation Lunch and Christmas Lunch events to share the cheers and joys with all employees. Long Service Award Ceremony and lucky draw events were also conducted during the events.

Annual Appreciation Lunch Event



Annual Lunch Greetings by Executive Committee



Annual Appreciation
Lucky Draw



Long Service Award
Ceremony

Christmas Lunch Event



Christmas Lucky Draw



Christmas Lunch

Sustainability Statement (cont'd)

SOCIAL (CONT'D)

Community Outreach

To enrich community's and society's wellbeing

Whilst gaining public's supports on our business, the Group also wish to connect with our community and give back to the society. Hence, we have resumed our internship programme this year where we have recruited four (4) interns in supply chain department and two (2) interns in production department. We believe that such opportunity enables our interns to expose to the actual working environment and gain the real-life experience. At the same time, we are also benefited from gaining new ideas and creativity, inspired by the interns.

To encourage a healthy lifestyle while benefiting to our environment, we had on 13 August 2022 carried out a plogging activity. Plogging, or picking up litter while jogging, has been rising as an environmentally friendly workout trend recently. We are happy that we had a sweat session while making our planet a cleaner place at the same time.



On 26 August 2022, we donated 1,000 Covid-19 RTK Antigen Test Kits amounting to RM3,900 to the Good Samaritan Home, an orphanage home located at Klang, Selangor. We are delighted that we are able to lend a helping hand to the needy during the challenging Covid-19 pandemic times.

Get your sports shoes on, run, and have fun! On 4 September 2022, we participated the 2022 JCI Malaysia Leaders Run, organised by the Junior Chamber International ("JCI") Malaysia, a non-profit organisation to enrich young active citizens in Malaysia. 100% of the surplus from the said event was donated to the JCI Malaysia Foundation for youth development and community charity purposes.



Unprecedented torrential downpours have hit Malaysia severely, particularly the east coast, with flash floods in the end of 2022. Rescue teams and non-profit organisations have initiated several assistance programmes to aid the flood victims. On 27 November 2022, we donated RM20,000 to the Holistic Integrated Services Berhad (HISTEAM) as a financial support for the east coast flood victims.

In addition, we also donated twenty (20) sets of staple food amounting to RM2,000 to the Persatuan Kebajikan Harapan Insan Miskin in support of the underprivileged families in Malaysia to ride out the difficult times.



Sustainability Statement (cont'd)

GOVERNANCE

Corporate Governance

To instil good corporate governance in order to safeguard the interests of various stakeholders

A strong governance system supports the business and risks management by promoting a culture of transparency and accountability. The Group is committed to uphold the highest level of business ethics and integrity in order to protect our shareholders' investments and stakeholders' interests.

To this end, the Board has established and implemented several policies to reinforce ethical business conducts across the Group. The Company's Code of Business Conducts & Ethics ("Code") anchors the guidance in relation to actions and behaviours for our employees' adherence. In line with SDG Target 16.5, the Group has also put in place an Anti-Bribery and Corruption Policy ("ABC Policy") to demonstrate our zero-tolerance stand against all forms of bribery and corruption. Anti-Fraud & Whistleblowing Policy ("AFW Policy") and Whistleblowing Policy & Procedure are also formalised to support the implementation of the Code and ABC Policy by providing an avenue for employees and stakeholders to raise concern or make genuine report on any suspected or known fraud, bribery, corruption or malpractice.



On top of the above, to comply with the latest Bursa Securities' MMLR, the Company has on 25 May 2022 adopted a Fit and Proper Policy which serves as a guideline for our NRC to undertake objective assessment with merit criteria when reviewing any appointment and re-appointment of directors in the Company.

All the abovementioned policies are published on our Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>. Our sound corporate governance practices and principles are also detailed in the Corporate Governance Overview Statement in this Annual Report and Corporate Governance Report.

In FYE 2022, we are pleased to highlight that we have not received any whistleblowing report. In addition, no employees had been disciplined or dismissed, nor any public cases been brought against the Group and its employees due to non-compliance to the applicable laws and regulations. Thus, saved for the environmental related penalties mentioned earlier, no relevant fines, penalties or settlements were imposed or made during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

In CSCENIC, the Board regards a sound corporate governance as an essential aspect in driving the Group's business and generate sustainable values for the shareholders and stakeholders. As such, the Board strives to promote business prosperity with a culture of transparency, accountability and integrity in line with the recommendations promulgated by the Malaysian Code on Corporate Governance ("MCCG").

The Board is pleased to present the following CG Statement which delineates an overview on the Board's initiatives and commitments in advocating good corporate governance across the Group during the FYE 2022. This CG Statement is prepared in compliance with Paragraph 15.25(1) and the Practice Note 9 of the MMLR with reference to the following three (3) key corporate governance principles as guided by the MCCG: -

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.

Shareholders are advised to read this CG Statement together with the Company's CG Report, which provides the detailed disclosures on the application for each corporate governance practice. The CG Report is accessible on the Bursa Securities' website at <https://www.bursamalaysia.com/>.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

PART I BOARD RESPONSIBILITIES

1 Board Leadership

In CSCENIC, the Board takes the collective responsibility to drive the Group's long-term success by setting the Company's overall strategic direction and ensuring that necessary financial and human resources are adequately allocated to achieve such goals. In formulating the Group's overall business strategy and objective, the Board has established the Group's vision and mission by taking the consideration of our shareholders' and stakeholders' interests and expectations.

The Board is led by Datuk Iskandar Bin Sarudin, the Independent Non-Executive Chairman, who is entrusted to instil good corporate governance and ensure the overall effectiveness in the Board. The Chairman also acts as a facilitator at the Board meetings to ensure that opinions and views from all Board members are effectively and constructively deliberated in contributing to the Group's development.

Whilst the Board assumes its overall responsibility over the Company, the Board has delegated certain authorisations to the three (3) Board Committees, namely the AC, NRC and ERMC, to ensure an effective discharge of its functions and responsibilities. All Board Committees operate within the purview as defined in their Terms of Reference and report the same to the Board for their notation and deliberation.

Aside from affairs at the Company level, the Board is also supported by the Managing Director, Executive Directors and Key Senior Management ("KSM") for the Group's daily operations. In order to ensure a balance of power and authority, the Company has two (2) distinct individuals to hold the position of the Board Chairman and Managing Director. Datuk Iskandar, the Board Chairman, is mainly responsible for the stewardship of the Board where as Mr. Lim Chee Beng, the Managing Director, assumes the executive role to implement the strategic plan and oversee the Group's daily operations. The clear line of responsibilities of both the Chairman and the Managing Director are stated in the Board Charter, which has been published on the Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>.

The Board Chairman has contributed not only in the Board, but also the Board Committee. Currently, the Board Chairman is also a member in the AC and NRC. Although such practice does not fulfil MCCG Practice 1.4, such departure does not impair the objectivity of the Chairman when deliberating on the observations and recommendations put forth by the Board Committees as all the Independent Non-Executive Directors discuss the meeting affairs as a team. Furthermore, the Board Chairman is not involved in the Company's managerial and operational matters.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

1 Board Leadership (Cont'd)

As mentioned, the Board regularly reviews the Group's business and management performance in order to ensure that necessary resources are in place. During FYE 2022, the Board has convened five (5) Board meetings and all Directors have shown their strong commitments with attendance as follows: -

Director	Meeting Attendance	Percentage of Attendance
Datuk Iskandar Bin Sarudin	5/5	100%
Lim Chee Beng	5/5	100%
Lim Kim Lee	5/5	100%
Vo Nghia Huu	4/5	80%
Lew Chong Kiat	5/5	100%
Teh ZiYang	5/5	100%
Ooi Youk Lan	5/5	100%

During the financial year, the Board is supported by a qualified, competent and experienced Company Secretary, Ms. Wong Youn Kim, who is a fellow member of Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary is tasked to facilitate the Company's administrative matter, meeting proceedings as well as the Board's regulatory compliance.

Assisted by the Company Secretary, meeting materials, including meeting agenda and Board papers, are circulated to all Board members at least seven (7) days or a shorter period, when unavoidable, prior to the scheduled Board meeting. This shall ensure that the Directors have sufficient time to peruse such materials and consider on the matters to be discussed. The Board has full and unrestricted access to all information relating to the Group's business and affairs as well as to the Management, services and professional advices from Company Secretary, Internal and External Auditors. Thus, when necessary, the Directors may also seek additional information and clarification from the Management as well as independent professional advice at the Company's expenses in order to facilitate their decision-making process during the meeting.

During FYE 2022, the Company Secretary attended all meetings to record the Board's deliberations, including issues discussed and decisions made, so as to provide advices, updates and guidance to the Board on matters with regulatory or company secretarial nature. Upon conclusion of the scheduled meeting, the meeting minutes were then circulated to the Board for their review in a timely manner and tabled for confirmation in the subsequent meeting.

The Company Secretary has and will continue to keep herself updated in evolving regulatory environment through continuous training and industry updates. For the FYE 2022, the Company Secretary has attended relevant trainings and has accumulated the requisite Continuing Professional Development points as required by the MAICSA and the Companies Commission of Malaysia. The Board is satisfied with the performance and competency of the Company Secretary in discharging her duties and supporting the Board during the FYE 2022.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

2 Demarcation of Responsibilities

The Company has adopted a Board Charter which serves as a primary induction literature, providing insights to all Board members on their fiduciary functions and duties. The Board Charter clearly outlines, amongst others, the roles of the Board, Board Committee, Board Chairman, Managing Director as well as the processes and procedures for meetings and financial reporting. In spite of the delegation of duties to the Board Committees and the Management, the Board Charter has also detailed the matters specifically reserved for the Board to preserve its collective oversight responsibility in the Company.

The Board Charter will be reviewed and updated as and when necessary to ensure that it remains relevant and current with the latest regulatory environment. The Board Charter is made available on the Company website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>.

3 Business Ethics and Integrity

The Board recognises that embracing ethical culture in the Group is essential in protecting the Company's reputation and thereby enhance our stakeholders' trusts and confidence. As such, the Board has adopted the Code to cultivate the highest level of ethical business conduct across the Group. The Code, together with the Company's Employee Handbook and other related internal policies, procedures and guidelines, sets out the general principles and standards on the ethical and behavioural conducts in managing the Group information, assets as well as third parties in the daily operations.

In compliance with the Malaysian Anti-Corruption Commission ("MACC") Act, the Board has also endorsed an ABC Policy which sets out the Group's zero-tolerance stance against bribery and corruption. The ABC Policy has provided the general guidance in addressing bribery and corruption issues in the event of occurrence. During the FYE 2022, the AC has also reviewed the Group's Anti-Bribery and Corruption Assessment, focusing on the potential bribery and corruption risks as well as the responses to address such identified risks.

To support the implementation of the Code and ABC Policy, the Board has put in place the Whistleblowing Policy and Procedure and the AFW Policy to provide an avenue for all employees and stakeholders to report on any unethical behaviour, wrongful activities and improper conducts within the Group.

In the event an employee detects or suspects any fraudulent activity, he/she may make report to their departmental manager, or to the human resource & administration manager, as the case may be. Alternatively, the employee or any stakeholder may also raise such concern to the AC Chairman, Mr. Lew Chong Kiat at lew.chongkiat@gmail.com. Any detection or suspicion of other malpractices or illegal acts may be reported to AC Chairman with the similar procedure or by reaching out to Managing Director at samuel.lim@classicscenic.com. Alternatively, employee or stakeholder may post the Whistleblower Report Form to the AC Chairman at the following Company's address: -

CLASSIC SCENIC BERHAD

Lot 12, Jalan RP3,
Taman Rawang Perdana,
48000 Rawang, Selangor D.E.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I BOARD RESPONSIBILITIES (CONT'D)

3 Business Ethics and Integrity (Cont'd)

Investigation will then be initiated by the AC Chairman in a confidential, fair and impartial manner in order to protect the whistleblowers, who report in good faith, from any reprisals and victimisation. All the Code, ABC Policy, AFW Policy and the Whistleblowing Policy and Procedure are published on the Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>.

For the FYE 2022, the Board is pleased to inform that the Company has not received any report made by any whistleblower in relation to any breach of the Company's policies or applicable laws and regulations.

4 Sustainability Management

In order to achieve long-term success, the Board is cognisant that business sustainability relates to the continuous balanced development of the Group's operations, whilst simultaneously conserving the natural environment and enriching the socio-economic conditions of our employees and local communities. In this regard, the Board is ultimately responsible for the Group's sustainability affairs and has developed the Company's Sustainability Policy, outlining the Company's sustainability commitments, particularly, emphasising on the sustainability principles and practices within environmental, workplace and community aspects.

In governing sustainability matters, the Board is supported by the AC who is entrusted to review the Group's overall risk management, including any sustainability risks and opportunities. The AC is in turn assisted by the ERM and Head of Departments for the identification, monitoring and addressing of sustainability risks and opportunities.

Every year, the Company discloses its sustainability risks and opportunities as well as its sustainability strategies, commitments, performance and initiatives in the Sustainability Statement, published as part of the Annual Report. This year, the Board has segregated the governance aspect from the economic context to show its dedication towards sound corporate governance and regulatory compliance in driving the Group's business sustainability. Thus, in FYE 2022, the Board has identified, assessed and prioritised the key sustainability matters within the EESG contexts and has developed the relevant sustainability strategies with reference to the seventeen (17) Sustainable Development Goals ("SDGs") introduced by the United Nations Member States in 2015. Further details of the Group's sustainability management are stated in the Sustainability Statement within this Annual Report.

In order to stay abreast with the latest sustainability trend and environment, our Directors have attended several sustainability-related training programmes during the financial year. The full list of Directors' trainings is detailed in Section 5 in this CG Statement. The Board also acknowledges the importance of having an on-going assessment to keep track on its sustainability management performance in this evolving business environment. As such, the Board has enhanced its annual assessment by including the "identification and managing Environmental, Social and Governance ("ESG") risks" as an additional performance evaluation criterion for the Board in FYE 2022. The Board will continue to improve such performance tracking and assessment by incorporating more sustainability-related performance criteria, if necessary.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION

5 Board Diversity and Objectivity

The Board comprises seven (7) members, including three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors, as follows: -

Name	Directorship
Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
Lim Chee Beng	Managing Director
Lim Kim Lee	Executive Director cum Chief Financial Officer
Vo Nghia Huu	Executive Director
Lew Chong Kiat	Senior Independent Non-Executive Director
Teh ZiYang	Independent Non-Executive Director
Ooi Youk Lan	Non-Independent Non-Executive Director

The current Board structure complies with the requirements of Paragraph 15.02 of MMLR as more than one-third (1/3) of the Board is made up by Independent Directors and by having two (2) female Directors in the Board. However, the Board has yet to meet the best practice advocated by the MCCG for having Independent Directors to reach at least half of the Board. Nevertheless, majority of the Board is Non-Executive Directors who are not involved in the daily operation and business management. This shall preserve the objectivity of the Board's deliberation and decision-making process in an attempt to protect shareholders' and stakeholders' interests.

The Board also preserves the independence of the Independent Directors by setting a policy of redesignation as Non-Independent Director in the event when an Independent Director wishes to continue to serve on the Board upon completion of a cumulative terms of nine (9) years, subject to the Board's approval. Should the Board wish to retain the Director as an Independent Director, the Board shall provide justification and seek shareholders' approval at the Company's AGM. Such policy is outlined in the Board Charter on the Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>. As of 31 December 2022, none of Independent Directors have served the Company for more than nine (9) years.

In CSCENIC, the structure, composition, performance as well as succession planning of the Board are overseen by the NRC. In order to advocate the objectivity of the NRC in promoting Board effectiveness as a whole, the NRC is solely made up by Independent Non-Executive Directors, as follows: -

Position	Name	Directorship
Chairman	Lew Chong Kiat	Senior Independent Non-Executive Director
Member	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
Member	Teh ZiYang	Independent Non-Executive Director

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

During the FYE 2022, guided by its Terms of Reference, the NRC has discharged its duties and responsibilities with the following activities: -

- (i) Reviewed the composition and effectiveness of the Board and Board Committees;
- (ii) Reviewed the required mix of skills, experience and contribution of Directors;
- (iii) Assessed and reviewed the independence of Independent Directors;
- (iv) Reviewed the tenure of each Director and recommended for re-election to the Board to seek shareholders' approval at the forthcoming AGM;
- (v) Evaluated the performance and effectiveness of the Board, Board Committees and individual Directors;
- (vi) Reviewed the training programmes attended by the Directors and assessed such training need for the FYE 2023;
- (vii) Reviewed the organisation chart of the Group;
- (viii) Reviewed the Fit and Proper Policy and recommended the same for the Board's approval; and
- (ix) Reviewed Directors' and KSM's remuneration package for the FYE 2023.

Aside from Board's objectivity, the NRC also emphasises on the Board's diversity to support the Group's sustainable business development. The NRC is of the opinion that an appropriate mix of skills, knowledge, experience, age, gender and cultural background is able to contribute with broader ideas and perspectives as well as in-depth deliberations. As such, the Board has on 25 May 2022 endorsed the Fit and Proper Policy to outline the formal criteria for the appointment and re-appointment of Directors.

As guided by the Fit and Proper Policy and Terms of Reference, the NRC shall consider the objective criteria and merit, including character, integrity, experience, competence, time and commitment for the appointment of Directors. During the FYE 2022, no new director has been appointed to the Board. Nevertheless, when there is a vacancy on the Board arises, the NRC will not only consider the internal recommendations from existing Board members and Management, but also the external sources such as Malaysian Alliance of Corporate Directors, Malaysian Institute of Directors and Malaysian Directors Academy and NAM Institute for the Empowerment of Women Malaysia (NIEW).

Apart from the appointment of Director, the NRC has also adopted the Fit and Proper Policy for the annual review on Board composition and tenure of Directors undertaken on 24 November 2022. The Board, through the NRC, has reviewed and is satisfied that the current Board composition is effective by having the right mix of skills, expertise and relevant business acumens. As per Clause 97 of the Company's Constitution, an election of Directors shall take place every year at the AGM where one-third (1/3) of the Directors shall retire from office once at least in each three (3) years but shall eligible for re-election. The NRC has notified the Board that Datuk Iskandar Bin Sarudin and Miss Ooi Youk Lan shall retire from office this year and, being eligible, they have offered themselves for re-election. The NRC has then conducted a review on such matter and recommended such re-appointment to the Board for submission at the forthcoming 20th AGM for shareholders' approval with the following justifications: -

- Datuk Iskandar Bin Sarudin, through his past working experience, possesses broad perspective in various capacities which is beneficial for the Group's business expansion and development. The NRC is also of the view that Datuk Iskandar, being the Board Chairman, has been leading the Board effectively and adequately.
- Miss Ooi Youk Lan is well-experienced in the areas of audit, taxation, finance, accounting, treasury and corporate exercises. With her vast experience in financial industry and professional qualifications from the Association of Chartered Certified Accountant ("ACCA") and MIA, Miss Ooi is able to continue to contribute to the Company with meaningful views and opinions.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

Pursuant to Paragraph 8.27(2) of the MMLR, information regarding the re-election and appointment (if any) of the Directors are accessible in the Statement Accompanying Notice of AGM, annexed as part of the Annual Report. Shareholders are hereby provided with further information and directed to the relevant sections, such as Profile of Board of Directors, to facilitate them in making informed decisions when exercising their voting rights during the AGM.

Whilst the Board is satisfied with the current Board composition in terms of merits and capabilities, it is also cognisant with the arising needs of having a balanced Board with gender diversity. As of 31 December 2022, the Board is supportive of gender diversity by having two (2) female Directors in the Board and also two (2) female representatives in the KSM. Although Gender Diversity Policy has been put in place in the Company, the Board has yet to develop any concrete action and numerical targets, such as minimum women representation percentage, in the said policy as the Board is of the view that all appointments and employments shall be primarily based on merits and are not driven by any gender consideration. Nevertheless, the Board will continue to improve the said Gender Diversity Policy, when necessary.

On top of ensuring the suitability of the Board's structure and composition by the NRC, the Directors have also enriched themselves by attending various training programmes in order to stay well-equipped with the necessary skills and knowledge to discharge their duties effectively.

During the FYE 2022, the Directors have attended the following training programmes: -

Director	Training Programs/Seminars/Conferences Attended	Date
Datuk Iskandar Bin Sarudin	• Anti Bribery and Corruption Annual Awareness Training - Top Management	2/11/2022
	• Japan Policy Training	27/10/2022
Lim Chee Beng	• Implementing ESG Practices in the Organisation	23 - 24/2/2022
Lim Kim Lee	• Industry Responsibility on Preventing and Addressing Forced Labour Issues	28/3/2022
	• Foreign Workers Employment 2022	20 - 21/7/2022
	• Enhanced Social Compliance Practices in Employment of Migrant Workers in the Malaysian Timber Industry	8/8/2022
	• MTC's Virtual Marketing Seminar 2022	21/9/2022
	• SGS Impactful of Sustainability Reporting	4/11/2022
Vo Nghia Huu	• Implementing ESG Practices in the Organisation	23 - 24/2/2022
Teh ZiYang	• Bursa Malaysia Mandatory Accreditation Programme (MAP)	15 -17/3/2022
Ooi Youk Lan	• Roles and Responsibilities of Directors in relation to Financial Statements	5/7/2022
	• Cybersecurity, Business Continuity, Sustainability & ESG	8/12/2022
	• Practical Update on Financial Standards, MFRSs	19/10/2022

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION (CONT'D)

6 Overall Board Effectiveness

On 24 November 2022, the NRC conducted an annual assessment to evaluate the effectiveness of the Board, Board Committees and each Directors for the FYE 2022. The evaluation was conducted by means of both self-evaluation and peers' evaluation via physical assessment forms distributed to all Board members. The Board is of the view that such internal performance evaluation facilitated by Company Secretary is effective and hence no external party is engaged for the said purpose.

In designing the assessment forms, the NRC has referred to the Company's Fit and Proper Policy as the general guidelines and considerations to evaluate the Directors' fitness and properness. Details of the performance evaluation criteria adopted have been set out in the CG Report.

All Board members completed the assessment questionnaires on a confidential basis and such results are then collated and summarised to the NRC for their review. All NRC members have attended the said scheduled meeting to deliberate over the assessment results and reported the same to the Board in the subsequent Board meeting.

Based on the assessment conducted, the NRC concluded that they are satisfied that all Directors have adequate skills, knowledge and time commitment towards the Company. The Board and the Board Committees also possess the right mix of skills, expertise and relevant business acumens in driving the Group's long-term growth. Furthermore, the Independent Directors have also fulfilled the independent criteria as per MMLR and being able to continue to provide objective and independent views and judgement to the Board.

PART III REMUNERATION

7 Remuneration Policy

In CSCENIC, the NRC is also empowered to review, design and recommend the appropriate remuneration packages for the Board and KSM to attract, motivate and retain our talents in working towards the Group's business purpose and goals. The NRC are guided by its Terms of Reference in managing the Company's and the Group's remuneration affairs. The said Terms of Reference is published on the Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>.

Currently, the Board has yet to adopt any formal remuneration policy and such matter is guided by the Terms of Reference of the NRC. As such, the remuneration of Executive Directors shall link with the Group's performance and shall reflect their contribution, performance and achievement of goals in the Group. On the other hand, the remuneration for Non-Executive Directors shall be based on their level of contribution and responsibilities in the Board, subject to shareholders' approval at the AGM.

The annual remuneration review for the FYE 2023 was conducted by the NRC on 24 November 2022. Each Director has abstained themselves from the deliberation and voting on matters pertaining to their own remuneration.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III REMUNERATION (CONT'D)

8 Remuneration of Directors

The details of the remuneration of the Directors for the FYE 2022 are shown as follows: -

	Company			Group		
	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Company Contribution (RM'000)	Other Emoluments (RM'000)
Non-Executive Directors						
Datuk Iskandar Bin Sarudin	48	5	-	-	-	-
Lew Chong Kiat	36	5	-	-	-	-
Teh ZiYang	30	5	-	-	-	-
Ooi Youk Lan	30	5	-	-	-	-
Total	144	20	-	-	-	-
Executive Directors						
Lim Chee Beng	-	-	468	129	72	7
Lim Kim Lee	-	-	300	92	46	5
Vo Nghia Huu	-	-	315	68	1	6
Total	-	-	1083	289	119	18

9 Remuneration of KSM

For the KSM, the NRC ensures that such remuneration package reflects their individual responsibility, capability, professionalism, skills, expertise as well as contributions towards the Group. In this highly competitive industry, the Board is aware of and intends to protect the security and confidentiality of the KSM's remuneration information in order to safeguard the best interest of the Company. Thus, the Board has decided not to disclose the KSM's remuneration.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I AUDIT COMMITTEE

10 Effective and Independent Audit Committee

The present AC is solely made up by three (3) Independent Non-Executive Directors, as follows: -

Position	Name	Directorship
Chairman	Lew Chong Kiat	Senior Independent Non-Executive Director
Member	Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman
Member	Teh ZiYang	Independent Non-Executive Director

The AC is primarily entrusted to oversee the financial integrity and the overall risk management in the Group. To ensure an objective and independent discharge of duties, the AC Chairman and the Board Chairman are both held by two (2) distinct individuals. The AC Chairman, Mr. Lew Chong Kiat, possesses a strong level of professional qualification in leading the AC. He is a FCCA, a member of the CPA Australia, a CGMA of CIMA, and a Chartered Accountant with the MIA and ISCA. Furthermore, Mr. Lew has over twenty-five (25) years of experience in the finance, accounting and corporate affairs with different private and public listed companies in Malaysia and Singapore.

Corporate Governance Overview Statement (cont'd)

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

PART I AUDIT COMMITTEE (CONT'D)

10 Effective and Independent Audit Committee (Cont'd)

Although only one-third (1/3) of the AC is professionally qualified by professional accounting bodies, the AC as a whole is financial literate and possesses the necessary skills and knowledge to understand the Group's business and to oversee the matters under their purview, including the financial reporting and auditing process. The AC also undertakes continuous professional development through on-going training programmes and updates by the Management and External Auditors. This shall ensure that all the AC members stay abreast of the latest development in accounting and auditing standards, practices and rules.

In promoting a higher level of independence, the Terms of Reference of the AC states that a former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. To-date, none of the current AC member is a former key audit partner involved in the auditing of the Group.

As guided by its Terms of Reference, the AC is tasked to review and assess the suitability, objectivity and independence of the External Auditors. In this regard, for the audit service rendered for the FYE 2021, the AC has on 7 April 2022 undertaken an annual assessment on the External Auditors by taking into consideration the following: -

- (i) independence of the External Audit Firm;
- (ii) the competence, quality, experiences and resources of the External Auditors and its staff assigned to the audit;
- (iii) the adequacy of the scope of the audit plan;
- (iv) the ability of the External Auditors to meet deadlines in providing services and responding to issues in a timely manner; and
- (v) the nature of the non-audit services rendered by the External Auditors and fees paid for such services.

The External Auditor has also confirmed their independence during the presentation in the AC meeting. Based on the assessment result, the AC is satisfied with the suitability and independence of the External Auditors and had obtained shareholders' approval for the re-appointment of Messrs KPMG PLT as External Auditors for the FYE 2022 at the 19th AGM held on 15 June 2022. The AC has conducted similar assessment to evaluate the External Auditor for the FYE 2022 on 29 March 2023 and has recommended the re-appointment of Messrs KPMG PLT for the FYE 2023 to the Board for submission at the forthcoming 20th AGM for shareholders' approval.

PART II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

11 Adequate Risk Management and Internal Control Framework

The Board affirms its ultimate responsibility in maintaining an effective risk management and internal control framework to protect shareholders' investments and the Group's assets. Hence, the Board has established and adopted a risk management and internal control framework with reference to the ISO 31000:2009, Risk Management – Principles and Guidelines. Such framework is also supported by the implementation of the Group's Risk Management Policy, Risk Impact Measure Guidelines as well as the Risk Materiality Assessment & Mapping Register in facilitating the identification and monitoring of risks. Under the risk management framework, the Group is guided by a comprehensive risk management process, covering from communicating with stakeholders to risk evaluation and risk management.

On top of risk management, the Board also put in place several internal controls across the Group to ensure a smooth business operation with sound governance. Key internal controls adopted in the Group include clearly defined organisation structure, regular conduct of meetings for business review as well as formalisation of internal policies, standards and procedures.

Corporate Governance Overview Statement (cont'd)

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

PART II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

11 Adequate Risk Management and Internal Control Framework (Cont'd)

The Board is supported by the ERMC to review and assess the adequacy of the Group's risk management and internal control system at least once annually. On 30 December 2022, the ERMC had conducted the annual risk assessment for the FYE 2022 and tabled the results for the AC and the Board's for review in the subsequent meeting on 17 February 2023. Upon conclusion of meeting, the Board is satisfied that the Group's risk management and internal control system is operating adequately and effectively to protect shareholders' investments and the Group's assets. The features of the Group's risk management and internal control framework are detailed in the Statement on Risk Management and Internal Control in this Annual Report.

12 Internal Audit Function

In ensuring and enhancing the adequacy and effectiveness of the Group's risk management and internal control system, the Board has outsourced the Company's internal audit function to an independent professional firm, Tricor Axcelasia Sdn. Bhd. ("Internal Auditor"). The Internal Auditor is authorised to directly report to the AC in order to uphold the objectivity of the internal audit function. The AC has assured that the Internal Auditor is free from any relationship or conflict of interest which could impair their objectivity and independence by obtaining a written declaration on such matter from the Internal Auditor.

The Internal Auditor is headed by Mr. Chang Ming Chew, who is the Executive Director of Tricor Axcelasia Sdn. Bhd. Mr. Chang obtains several professional qualifications including Certified Internal Auditor ("CIA"), Certification in Risk Management Assurance ("CRMA") and Certified Information Systems Auditor ("CISA"). He is also a member of the Institute of Internal Auditors ("IIA") Malaysia, ACCA and a Chartered Accountant of MIA.

All internal audit reviews were carried out in accordance to the Internal Audit Plan duly approved by the AC. During the FYE 2022, Tricor Axcelasia Sdn. Bhd. has assigned five (5) Internal Auditors to support the internal audit function. The Internal Auditor is guided by the International Professional Practice Framework ("IPPF") to carry out the internal audit review. In order to ensure the appropriate conduct of audit review, the AC has full and unrestricted access to all information and resources in the Group which are required by the Internal Auditors.

In every quarter, after conducting internal audit review, the Internal Auditor presents the internal audit report to the AC at the scheduled meetings, covering the weaknesses or areas of improvement identified from the existing operations, the relevant root-cause analysis as well as the corresponding proposed recommendations for operational improvement. Management has then acknowledged the audit findings and implemented the proposed corrective action plan within the stipulated timeframe. Follow-up reviews were then conducted by the Internal Auditor to ensure that necessary controls have been put in place to mitigate the previous weaknesses identified so as to strengthen the Group's risk management and internal control framework.

The evaluation of the Internal Auditor is to be done every two (2) years, of which the Internal Auditor has been evaluated in the FYE 2021. Hence, no assessment was conducted in FYE 2022. Nevertheless, the AC is still satisfied with the Internal Auditor's overall performance and is of the opinion that the Group's current internal control environment is satisfactory to protect shareholders' investments and the Group's assets.

Further details of the Group's internal audit function are stated in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I ENGAGEMENT WITH STAKEHOLDERS

13 Communication between the Company and Stakeholders

CSCENIC is committed to maintain an effective, timely and transparent communication with the shareholders and other stakeholders. In this respect, the Company strictly complies to Bursa Securities' disclosure framework and requirements by disseminating accurate and complete information to shareholders and the public on a timely manner in order to support the shareholders in making informed investment decisions.

During the FYE 2022, the Company has disclosed its information through the following channels and platforms: -

- (i) Company website;
- (ii) Announcement made to Bursa Securities;
- (iii) AGM;
- (iv) Annual Report; and
- (v) Email and face-to-face communications.

In any circumstances, whilst the Company strives to publish as much information as possible, it is also mindful of the legal and regulatory requirements in governing the release of material and price-sensitive information.

PART II CONDUCT OF GENERAL MEETINGS

14 Meaningful General Meeting

AGM serves as the principal forum for dialogue with shareholders annually. As such, the Board places emphasis for the conduct of AGM to ensure that shareholders have an effective and direct communication with the Board and Management.

In order to ensure that shareholders have sufficient time to make necessary time and travelling arrangement as well as to peruse the Company's Annual Report, the Company always ensures that it circulates its notice of AGM at least 28 days prior to the scheduled AGM.

In line with the upliftment of Covid-19 restriction measures, the Company's 19th AGM was convened physically. All seven (7) directors, including the External Auditors and the Company Secretary, had showed their commitments by physically attending the said AGM.

During the AGM, Ms. Lim Kim Lee, the Executive Director cum Chief Financial Officer had presented the Group's financial performance for the FYE 2021 as well as the Group's new milestone, ESG initiative on green energy, strategies and business outlook to the shareholders. Shareholders were then provided with sufficient opportunity to voice out their questions and concerns during the Question and Answers ("Q&A") sessions throughout the AGM. All questions raised by the shareholders were appropriately addressed by the Directors.

For the 19th AGM, the Company had appointed Boardroom Share Registrars Sdn. Bhd. ("BSR") to conduct the poll and Boardroom Corporate Services Sdn. Bhd. as the scrutineer for verifying the poll results thereafter. In conjunction with the physical conduct of AGM, the voting process was also carried out physically through the submission and verification of manual polling forms. Although cyber threat had been minimised with the physical AGM, the BSR had maintain the security and protection of the attendants' personal data during the meeting.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART II CONDUCT OF GENERAL MEETINGS

14 Meaningful General Meeting (Cont'd)

The Board is of the opinion that the physical conduct of the 19th AGM had brought a more effective and direct communication with shareholders. Nevertheless, the Board will consider to leverage on technology to convene AGM and facilitate the voting process, when necessary.

The Company Secretary had assisted the Board by facilitating the conduct of 19th AGM and recording the meeting proceedings. Upon completion of the 19th AGM, the minutes of the AGM were published on the Company's website at <https://ir2.chartnexus.com/scenic/general-meetings.php> on 15 July 2022, which is within 30 business days after the AGM. Moving forward, CSCENIC will continue to ensure that the AGM minutes will be made publicly available within 30 business days after the AGM in order for the shareholders to have a timely recap on the meeting proceedings.

COMPLIANCE STATEMENT

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

This CG Statement was approved by the Board on 6 April 2023.

AUDIT COMMITTEE REPORT

Pursuant to the Paragraph 15.15(1) of the MMLR, the Board is pleased to present the following Audit Committee Report for the FYE 2022.

1. COMPOSITION AND MEETINGS

The AC is charged with the primary responsibility to support the Board in carrying out its statutory duties and responsibilities pertaining to the independent review on corporate accounting, financial reporting as well as risk management and internal control system. The AC is also responsible to oversee the independence and quality of both external and internal audit functions in order to promote a sound control and governance within the Group.

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

Name	Directorship	Meeting Attendance
Chairman		
Lew Chong Kiat	Senior Independent Non-Executive Director	5/5
Members		
Datuk Iskandar Bin Sarudin	Independent Non-Executive Chairman	5/5
Teh ZiYang	Independent Non-Executive Director	5/5

In compliance with Paragraph 15.09(1) of the MMLR, the AC is made up by three (3) Independent Non-Executive Directors and led by Mr. Lew Chong Kiat. Mr. Lew is a FCCA, a member of CPA Australia, a CGMA of CIMA, and a Chartered Accountant with the MIA and ISCA.

The AC is guided by its Term of Reference, covering the authority, functions, meeting proceedings and reporting procedures, to ensure an effective discharge of duties and responsibilities. The said Terms of Reference is made available on the Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>.

Whilst the AC is required to meet at least four (4) times in each financial year, the AC had convened five (5) meetings during FYE 2022. Ms. Lim Kim Lee, our Executive Director cum Chief Financial Officer, and Ms. Tan Jo Lynn, our Financial Controller (who had since been transferred to another company), were invited to all AC meetings to facilitate the conduct of meetings by providing further information on operations, financials and audit related matters. Representative of External Auditors, Internal Auditors and KSM, when necessary, were also invited to the AC meetings to deliberate on matters within their purview.

Meeting agenda and materials were distributed to the AC members in advance to ensure that sufficient time is provided for them to peruse the relevant matters in order to facilitate their deliberation and decision-making process in the scheduled meetings. The Company Secretary also attended all meetings to record the minutes of each meeting. The meeting minutes were then tabled at the subsequent AC meeting for confirmation and presented at the Board meeting for the Board's notation.

Audit Committee Report (cont'd)

2. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the Terms of Reference, the AC has discharged its responsibilities by carrying out the following activities during the FYE 2022: -

(A) Financial Reporting

- (i) Ensured that the following processes and controls are in place for an effective financial reporting: -
 - Management accounts and relevant disclosure materials are reviewed by Senior Management and approved by the Board. AC shall seek External Auditor's advice and support, when necessary;
 - Legal matters and contractual commitments are reviewed quarterly prior to releasing public announcement to Bursa Securities; and
 - Consultations from Company Secretary and External Auditors are sought to ensure the compliance with the MMLR and relevant disclosure requirements.
- (ii) Reviewed the quarterly financial results of the Group for: -
 - a. Fourth Quarter ended 31 December 2021 at meeting held on 24 February 2022;
 - b. First Quarter ended 31 March 2022 at meeting held on 25 May 2022;
 - c. Second Quarter ended 30 June 2022 at meeting held on 18 August 2022; and
 - d. Third Quarter ended 30 September 2022 at meeting held on 24 November 2022.
- (iii) Reviewed the final draft annual audited financial statements for the FYE 2021 in the presence of External Auditors to deliberate on such matters prior to submission to the Board for consideration and approval on 7 April 2022. The audited financial statements are made in compliance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Companies Act 2016 ("CA 2016") and MMLR; and
- (iv) Discussed with both the Management and the External Auditors on the accounting policy, principles and standards applied as well as their judgement of the items that may affect the financial statements as well as issues arising from the statutory audit.

(B) External Audit

- (i) Reviewed and approved the Audit Plan, which details the areas of audit methodology, audit scope, potential key audit matters, target audit timeline and proposed audit fee;
- (ii) Discussed and considered the audit findings and adjustments with the External Auditors;
- (iii) Deliberated on the judgements and accounting estimates which had been reviewed and evaluated by the External Auditors;
- (iv) Conducted one (1) private meeting with the External Auditors on 7 April 2022, without the presence of Executive Director and Management, to discuss over audit procedures and key audit issues in an objective manner; and
- (v) Evaluated the performance of External Auditors, by taking the considerations of qualifications, performance, independence, objectivity, competency, resources and reliability, and have recommended to the Board for their re-appointment.

Audit Committee Report (cont'd)

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

(C) Internal Audit

- (i) Reviewed and approved internal audit plan presented by the Internal Auditor, outlining the proposed audit scope, areas, timeline, key risk, key audit focus and fees;
- (ii) Reviewed and deliberated on the internal audit report, covering the audit findings, key risks, roots causes and recommendations as preventive control as well as the Management's responses for corrective action to be taken, responsible person/department and implementation timeframe. The Internal Auditor also presented the follow-up status on the previous audit findings to the AC in order to ensure that deficiencies identified are addressed accordingly; and
- (iii) Received regulatory updates from the Internal Auditor relating to the amendments to the Employment Act 1955 for further review on existing controls and policies, including the aspects of working hours, leave carry forward, maternity leave, sick leave, hospitalisation leave, paternity leave, flexible working arrangements and sexual harassment awareness notice.

The assessment and evaluation of the Internal Auditor is conducted every two (2) years, of which the latest assessment was carried out in FYE 2021. Thus, no assessment was carried out in FYE 2022 and the AC will conduct such assessment in the coming FYE 2023.

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

(D) Risk Management and Internal Control

- (i) Reviewed the Group's Enterprise Risk Management on the identification and assessment of risks as well as the Management's responses to the identified risks;
- (ii) Reviewed the Group's Anti-Bribery and Corruption Assessment, emphasising on the stakeholders' expectation, potential bribery and corruption risks as well as the responses to the identified risks;
- (iii) Reviewed the Group's SWOT Analysis and Risk Management Framework which had been discussed by the ERMCM on the major risk impacts, action plans and measures to close the gaps; and
- (iv) Deliberated on the status of applying the Certificate of Accommodation for Hostel from Labour Office for safety compliance.

(E) Related Party Transactions ("RPT")

- (i) Reviewed any RPT entered into by the Group and any conflict-of-interest situations that may arise within the Group in accordance with the Company's RPT Policies and Procedures.

As guided by the said policy, the AC shall review the Group's RPT and report the same to the Board by considering the following key criteria: -

- The RPT should be in the best interest of the Company as a whole;
- The RPT should represent fair value and be reasonable;
- The RPT should be properly documented; and
- The RPT should be appropriately disclosed.

During FYE 2022, the AC has ensured that all RPT were carried out at arm's length and under normal commercial terms with proper disclosure.

Audit Committee Report (cont'd)

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

(F) Annual Report

- (i) Reviewed Audit Committee Report, CG Statement, Statement on Risk Management and Internal Control, and Sustainability Statement prior to submission for the Board's approval for inclusion in the Annual Report 2021.

(G) Other Matters

- (i) With the advice from tax agent, deliberated on transfer pricing requirements and resolved relevant issues.

3. INTERNAL AUDIT FUNCTION

The Board regards internal audit function as an essential part of the Group's governance process. In this regard, the Board has outsourced the Company's internal audit function to an independent professional service provider, Tricor Axcelasia Sdn. Bhd., who has vast experience and capabilities to support the AC by providing objective and independent views on the Group's internal control and risk management system.

In order to uphold the highest level of independence and integrity, the Internal Auditor is authorised to report directly to the AC. The Internal Auditor performs the audit in accordance with the IPPF for Internal Auditing issued by the IIA. During the FYE 2022, the Internal Auditor has executed the internal audit reviews in the following areas: -

Internal Audit Review	Coverage Period
Supply Chain Management - Sourcing and Procurement of Raw Material	Quarter 1
Effectiveness of Sales and Design Functions	Quarter 2
Foreign Currency Hedging Management	Quarter 3
Production Cost Management	Quarter 4

Findings and areas of improvement in the internal controls identified from the audit conducted, together with the root-cause analysis and proposed recommendations, were presented by the Internal Auditor to the AC in the scheduled AC meetings for their review and deliberation. The Internal Auditor also reported the status of the follow-up reviews on the previous audit performed to assist the AC in monitoring the implementation of corrective actions within the target timeframe by the Management. This shall ensure that the Group's operations, governance, risk management and internal control system are progressively monitored and enhanced in line with the changes in the regulatory and business environments.

As mentioned, the assessment of the Internal Auditor is conducted every two (2) years, of which the previous assessment was done in FYE 2021 and the subsequent assessment will be carried out in FYE 2023.

The total professional fee incurred on the Group's internal audit function for the FYE 2022 amounted to RM46,000.

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

This Audit Committee Report was approved by the Board on 6 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board, in compliance with Paragraph 15.26(b) of the MMLR of Bursa Securities, is pleased to provide the following Statement on Risk Management and Internal Control ("Statement") for the FYE 2022. This Statement shall illustrate the nature and scope of our risk management and internal control system implemented across the Group during the FYE 2022.

This Statement is prepared in line with the Principle B of the MCCG and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

In this ever-changing business environment, the Board is cognisant of the significance of an effective risk management and internal control system in driving the Group's long-term success. In this regard, the Board affirms its overall responsibility to maintain a sound and effective risk management and internal control system on an ongoing basis in order to safeguard our shareholders' investments, stakeholders' interests and the Group's assets.

In light of the inherent limitation in any risk management and internal control system, the said system is designed to manage the Group's risks within an acceptable level, rather than eliminate the risk of failure, to achieve the Group's business goals and objectives. It can therefore only provide reasonable but not absolute assurance of its effectiveness against any material financial misstatement, loss, fraud or any unforeseeable events. The Board is satisfied that the Group's risk management and internal control system has been operating adequately to safeguard the shareholders' investment, stakeholders' interests as well as the Group's assets for the financial year under review and up to the date of approval of this Annual Report.

Whilst the Board assumes the ultimate responsibility over the Group's risk management and internal control system, the AC and ERMC are tasked to support the Board in scrutinising and overseeing the such system across the Group.

RISK MANAGEMENT SYSTEM

In CSCENIC Group, the ERMC is entrusted to identify, evaluate and manage the significant risks faced by the Group on an ongoing basis and report to the Board via the AC at least once annually. The ERMC is headed by Mr. Lim Chee Beng, the Managing Director, and comprised of two (2) Executive Directors and two (2) KSM.

The ERMC is primarily responsible, amongst others, for the following duties: -

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

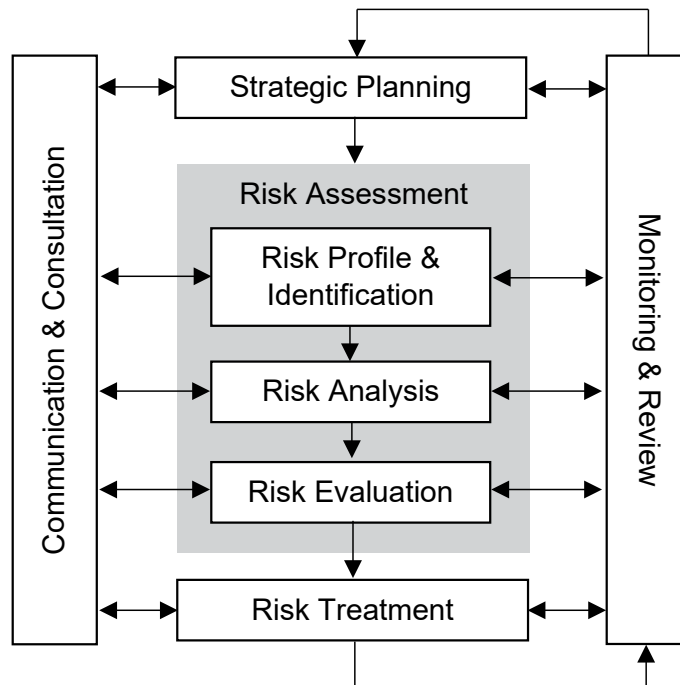
Statement on Risk Management and Internal Control (cont'd)

RISK MANAGEMENT SYSTEM (CONT'D)

The ERMC is also entrusted to assess and evaluate the adequacy and effectiveness of the Group's risk management and internal control system, and reports such results to the AC. Any material risks which may result in significant adverse impact towards the Group's operation and business performance shall be escalated to the Board's attention.

The Group's risk management system is guided by ISO 31000:2009, an international risk management framework that provides a set of guidelines and principles for risk management from the International Organisation for Standardisation ("ISO"). The Group has in place a Risk Management Policy, together with its Risk Impact Measure Guidelines as well as the Risk Materiality Assessment & Mapping Register to facilitate the Group's risk management.

The key features of the Group's risk management framework are as follows: -



Step 1 Communication & Consultation	Communication undertaken with both external and internal stakeholders to gain a better understanding on potential/arising risks, including its cause, potential consequences and any measures implemented. This action should be taken place in all stages throughout the risk management process.
Step 2 Strategic Planning	To define and develop risk criteria based on the concerns of both external and internal contexts. External context should include the consideration in respect of politic, economy, social and culture, technology, environment, as well as laws and regulations, while internal context is related to the Group's strength and weakness in terms of people, governance processes, policies, infrastructure, organisational structure and culture.
Step 3 Risk Profile & Identification	This is the first step for risk assessment. All material risks, together with the corresponding risk owners, departmental function, consequences, existing control system and risk profile, are identified and documented into Risk Register.

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

RISK MANAGEMENT SYSTEM (CONT'D)

Step 4 Risk Analysis	<p>In the second step of risk assessment, the identified risks are evaluated for their likelihood and impact with the following three (3) approaches: -</p> <p>Quantitative assessment The use of quantitative measures to define the actual or perceived potential loss and/or damage;</p> <p>Qualitative assessment The use of historical knowledge or experience to determine the level and nature of risk; and</p> <p>Combination The combination of both quantitative and qualitative assessment.</p> <p>Here in CSCENIC, all risks are analysed into three (3) categories, namely high, medium and low, in terms of their probability and impact towards the Group. The outcome of risk analysis will be properly documented into the Risk Register, which covers several areas and functions in the Group, including production, procurement, marketing, warehousing, process engineering, quality control, maintenance, information technology, human resources, safety and health, finance and account as well as pandemic business contingency.</p>
Step 5 Risk Evaluation	<p>After identifying and analysing risks, risk owners and ERM shall then evaluate and determine the acceptability of the risks and to prioritise the risks. This is to determine whether the risks are within the control of the Group or beyond our control such as legislative change and natural events.</p>
Step 6 Risk Treatment	<p>Upon performing risk assessment, we will identify, determine and implement the most suitable risk treatment options, including: -</p> <p>Terminate risk To eliminate material risk from business operations, whenever practicable and commercially sensible;</p> <p>Transfer risk To outsource the risk to an organisation which is more appropriately skilled or resourced to manage the particular risk, whenever appropriate;</p> <p>Treat risk To reduce the likelihood and impact of the risk, whenever the risk is unable to be transferred or eliminated; and</p> <p>Tolerate risk To adopt appropriate operational controls for an effective ongoing risk management, whenever the risk is acceptable.</p>
Step 7 Monitor & Review	<p>Risk owners shall monitor, review and update the Risk Register at least annually, or whenever necessary, to ensure its relevance with the latest business and regulatory environment. ERM is responsible to review the Risk Register annually and report to the AC, which in turn report to the Board on any emerging risk that may result in potential material impact to the Group.</p>

The annual risk assessment for the FYE 2022 was conducted on 30 December 2022 and tabled for AC and the Board's review in the subsequent scheduled meeting on 17 February 2023.

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

INTERNAL CONTROL SYSTEM

Internal controls are essential to support the effective functioning of risk management system. Within CSCENIC Group, internal controls are implemented by the Management and monitored by the AC. AC shall highlight any significant internal control deficiencies which affect the Group's strategic and business plans to the Board at the scheduled quarterly Board meetings.

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

- (i) Board Charter for the Board and Terms of Reference for all Board Committees are clearly defined and established;
- (ii) Fit and Proper Policy is introduced for guiding the NRC with formal objective criteria in considering the appointment and re-appointment of Directors;
- (iii) Management organisation structure with clear reporting lines of accountability and authority is well defined and documented to promote segregation of duties and delegation of authorities;
- (iv) Business plan including annual budget is prepared to develop the financial and operational goals of the year. Such business plan is reviewed by ERMC before submitting for the Board's approval;
- (v) The ERMC had convened eight (8) meetings in the FYE 2022. In the meetings, the ERMC reviewed the Group's monthly Management Report to ensure that the Group's operational and financial performance is in line with the corporate objectives, strategies, and annual budget. The ERMC also discussed and formulated strategies and policies in addressing the changes in risks, regulatory and business environment;
- (vi) AC also supports the Board by reviewing the quarterly financial results, Annual Report, audited financial statements, the Group's risk profile and all internal control issues identified by the Internal Auditors. For any weakness noted in control areas, AC is also responsible to monitor the implementation of recommendations which are proposed by the Internal Auditors;
- (vii) The Group's Quality Management System is accredited with ISO 9001:2015 under the scope of "manufacture of wooden picture frame mouldings". Internal quality audits and surveillance audit are carried out internally and by an external certification body respectively on a yearly basis to provide assurance on such compliance to the ISO 9001:2015 certification. ISO Quality Policy is also in place to serve as our guidance towards a more stringent quality control;
- (viii) Several company policies including the Code, AFW Policy, ABC Policy as well as Whistleblowing Policy and Procedure are in place to guide the employees and stakeholders with ethical business conducts and dealings;
- (ix) SOPs covering our various operational areas are implemented across the Group. For an appropriate human resources development, procedures for hiring and termination of employees, formal training programmes, annual performance appraisals and other relevant procedures are properly in place to ensure that our people are competent and well-trained in carrying out their duties and responsibilities; and
- (x) In FYE 2022, operational review meetings were held five (5) times. All Executive Directors and the Head of Departments attended the meetings to identify, deliberate and resolve any key operational issues arising from various operational area, such as marketing, quality assurance, health and safety etc. Such review meetings assist us in enhancing the effectiveness of the existing internal control system.

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

INTERNAL AUDIT FUNCTION

For the FYE 2022, the Board has appointed Tricor Axcelasia Sdn. Bhd. to support the Board and the AC in providing independent assessment on the overall adequacy and effectiveness of the Group's internal control system on an outsourced basis.

During the financial year under review, the Internal Auditor has conducted four (4) internal audit reviews in the following operational areas: -

Internal Audit Coverage Area	Internal Audit Cycle
Supply Chain Management – Sourcing and Procurement of Raw Material	Quarter 1, FYE 2022
Effectiveness of Sales and Design Functions	Quarter 2, FYE 2022
Foreign Currency Hedging Management	Quarter 3, FYE 2022
Production Cost Management	Quarter 4, FYE 2022

In order to ensure an effective internal audit function, five (5) Internal Auditors were assigned to the audit engagements during the financial year, including one (1) Executive Director, one (1) Manager, one (1) Senior Consultant, and two (2) Assistants. Interviews with Management and access to internal documents were made available to the Internal Auditors to ensure an effective conduct of the audit process.

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

Based on the internal audit reviewed conducted in FYE 2022, the Board is satisfied that there were no significant weaknesses noted in the internal control system that may arise with material impact and would require separate disclosure in the Company's Annual Report.

SOUND GOVERNANCE WITH ETHICAL BUSINESS ENVIRONMENT

In an effort to advocate sound corporate governance and high level of business ethics, the Group has adopted several policies, including the Code, AFW Policy, ABC Policy and Whistleblowing Policy and Procedure. Amongst the Company's policies, the Code is aimed to promote the highest standards of ethical business conducts by addressing the following areas: -

- Conflict of interest;
- Regulatory compliance;
- Protection and proper use of the Group's assets;
- Confidential information;
- Insider information and securities trading;
- Gift, entertainment and social amenities;
- Reporting of violations of the Code;
- Safety policy;
- Equal employment opportunity, discrimination and harassment;
- Financial integrity, disclosure and control;
- Anti-fraud and whistle blowing;
- Outside interest; and
- Fair and courteous behaviour.

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

SOUND GOVERNANCE WITH ETHICAL BUSINESS ENVIRONMENT (CONT'D)

The Group also adopts zero-tolerance principle against any forms of fraud, bribery and corruption at all times. In this regard, the Group has in place the AFW Policy and ABC Policy to serve as the formal guidelines in advising and addressing the dealing with any suspected and/or known fraud as well as matters relating to corruption risk assessment, conflict of interest, gifts, entertainment, hospitality and travel, donations and sponsorships, anti-money laundering, facilitation payments and due diligence respectively.

In the event if any wrongdoing is noted or suspected, the employee or stakeholder may report to Mr. Lew Chong Kiat, the Chairman of the AC, or Mr. Lim Chee Beng, the Managing Director via Whistleblower Report Form. The procedures of making a whistleblowing report are detailed in the Whistleblowing Policy and Procedure. Whistleblowers are protected from any adverse and detrimental actions in compliance with the Whistleblower Protection Act 2010, provided that such report is made in good faith.

All the aforementioned policies are published on the Company's website at <https://ir2.chartnexus.com/scenic/corporate-governance.php>.

MANAGEMENT'S ASSURANCE

The Managing Director and Executive Director cum Chief Financial Officer, representing the Management, have provided reasonable assurance to the Board that the Group's risk management and internal control system is implemented adequately and effectively in all material aspects. The Board is also satisfied that nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material aspect.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("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 MIA for inclusion in the Annual Report of the Group for the FYE 2022, and reported to the Board that nothing has come to their attention that cause 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 Control: 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 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 problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

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

For the FYE 2022, no significant internal control deficiencies or material weaknesses resulting in material losses, contingencies or uncertainties would require separate disclosure in this Annual Report. The Board is of the view that the existing system is satisfactory and adequate to safeguard our shareholder's investments, stakeholders' interests and the Group's assets.

The statement was approved by the Board on 6 April 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

Pursuant to the CA 2016, the Directors are responsible to prepare the financial statements of the Group and of the Company for each financial year in accordance with the applicable MFRS, IFRS, the provisions of the CA 2016 as well as the MMLR.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2022, and of the financial performance and cash flows for the FYE 2022.

In preparing the financial statements for the FYE 2022, the Board is satisfied that the Directors have: -

- Adopted and applied suitable and appropriate accounting policies consistently;
- Ensured compliance with applicable accounting standards, including MFRS, IFRS and CA 2016, subject to any material departure being explained in the financial statements;
- Made judgements and estimates which are reasonable and prudent; and
- Ensured the financial statements have been prepared on a going concern basis.

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

The Directors are satisfied in preparing the financial statements of the Group and of the Company for the FYE 2022. The Directors also ensure that proper accounting and other relevant records for the preparation of the Group's and the Company's financial statements are kept with reasonable accuracy at all times.

This statement was approved by the Board on 6 April 2023.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to: Owners of the Company	18,994,220	3,839,822

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

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

Lim Chee Beng
 Ooi Youk Lan
 Datuk Iskandar bin Sarudin
 Vo Nghia Huu
 Lim Kim Lee
 Lew Chong Kiat
 Teh ZiYang

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

Directors' Report

For the year ended 31 December 2022

(cont'd)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Direct interest in the Company	Number of ordinary shares			At 31.12.2022
	At 1.1.2022	Bought	Sold	
Lim Kim Lee	5,040	-	-	5,040

The other Directors holding office at 31 December 2022 did not have any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

The directors' remuneration paid to or receivable by the Directors from the Company and its subsidiaries for the financial year ended 31 December 2022 are as follows:

	Group FY2022 RM	Company FY2022 RM
Fees	144,000	144,000
Remuneration	1,491,854	-
Other short term employee benefits	37,556	18,000
	1,673,410	162,000

The estimated monetary value of Directors' benefit-in-kind is RM11,100.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 6,444,700 new ordinary shares arising from the exercise of 6,444,700 warrants at the exercise price of RM0.61 per ordinary share for a total cash consideration of RM3,931,267.

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

There were no debentures issued during the financial year.

Directors' Report

For the year ended 31 December 2022

(cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

At the end of the financial year, 114,042,540 warrants remained unexercised.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance coverage effected for Directors and officers of the Company is RM10,000,000 (2021: RM5,000,000).

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

OTHER STATUTORY INFORMATION

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

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

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

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

Directors' Report

For the year ended 31 December 2022 (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENTS

- (a) On 22 March 2023, the Company proposed the following:
- (i) bonus issue of up to 180,749,610 new ordinary shares on the basis of 1 bonus share for every 2 existing ordinary shares held by the shareholders of the Company; and
 - (ii) share buy-back of up to 10% of the issued ordinary shares through Bursa Malaysia Securities Berhad. The proposed share buy-back is subject to approval from the shareholders of the Company at the forthcoming Annual General Meeting of the Company.
- (b) On 29 March 2023, the Group proposed an interim single tier dividend of 5.5 sen per ordinary share totaling approximately RM13,600,000 in respect of the financial year ending 31 December 2023.

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM232,300 and RM75,500 respectively. Details are set out in Note 18 to the financial statements.

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

.....
Lim Chee Beng
 Director

.....
Vo Nghia Huu
 Director

Petaling Jaya

Date: 6 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Assets					
Property, plant and equipment	3	113,681,508	95,214,036	-	-
Intangible asset	4	1,176,703	878,181	-	-
Investment in subsidiaries	5	-	-	68,476,802	60,865,442
Total non-current assets		114,858,211	96,092,217	68,476,802	60,865,442
Inventories	6	29,509,079	27,176,064	-	-
Current tax assets		492,481	184,365	-	-
Trade and other receivables	7	5,624,165	9,013,571	6,850	304,860
Prepayments	8	758,056	1,319,604	7,335	-
Derivative financial assets	9	207,241	39,165	-	-
Cash and cash equivalents	10	24,128,789	16,553,607	6,133,992	5,616,829
Total current assets		60,719,811	54,286,376	6,148,177	5,921,689
Total assets		175,578,022	150,378,593	74,624,979	66,787,131
Equity					
Share capital	11	64,629,615	60,698,348	64,629,615	60,698,348
Revaluation reserve	11	38,706,592	38,706,592	-	-
Retained earnings		57,491,813	38,497,593	9,856,201	6,016,379
Total equity attributable to owners of the Company		160,828,020	137,902,533	74,485,816	66,714,727
Liabilities					
Deferred tax liabilities	12	8,459,680	7,319,394	-	-
Total non-current liabilities		8,459,680	7,319,394	-	-
Current tax liabilities		117,688	71,179	-	-
Trade and other payables	13	5,681,142	3,109,696	139,163	72,404
Contract liabilities	14	491,492	1,975,791	-	-
Total current liabilities		6,290,322	5,156,666	139,163	72,404
Total liabilities		14,750,002	12,476,060	139,163	72,404
Total equity and liabilities		175,578,022	150,378,593	74,624,979	66,787,131

The notes on pages 74 to 115 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	15	78,841,089	48,758,474	4,520,000	-
Cost of sales		(46,841,711)	(31,955,854)	-	-
Gross profit		31,999,378	16,802,620	4,520,000	-
Other income		388,279	22,544	-	-
Distribution expenses		(1,481,133)	(1,470,600)	-	-
Administrative expenses		(4,917,133)	(4,389,704)	(710,647)	(829,500)
Other expenses		(3,439,819)	(2,678,684)	(29,073)	(257,039)
Net gain on impairment of financial instruments		-	16,112	-	-
Results from operating activities		22,549,572	8,302,288	3,780,280	(1,086,539)
Finance income	16	191,430	276,329	59,542	103,596
Profit/(Loss) before tax		22,741,002	8,578,617	3,839,822	(982,943)
Income tax expense	17	(3,746,782)	(2,170,611)	-	-
Profit/(Loss) for the year	18	18,994,220	6,408,006	3,839,822	(982,943)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of properties	19	-	38,706,592	-	-
Total comprehensive income/ (expense) for the year		18,994,220	45,114,598	3,839,822	(982,943)
Profit/(Loss) attributable to owners of the Company		18,994,220	6,408,006	3,839,822	(982,943)
Total comprehensive income attributable to owners of the Company		18,994,220	45,114,598	3,839,822	(982,943)
Basic earnings per ordinary share (sen)	20	7.85	2.66		
Diluted earnings per ordinary share (sen)	20	6.79	2.59		

The notes on pages 74 to 115 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Group	Note	----- Attributable to owners of the Company -----			Total equity RM
		Share capital RM	Revaluation reserve RM	Distributable Retained earnings RM	
At 1 January 2021		60,690,723	-	32,089,587	92,780,310
Profit and total comprehensive income for the year		-	-	6,408,006	6,408,006
Proceeds from issuance of ordinary shares	11	7,625	-	-	7,625
Revaluation of properties	19	-	38,706,592	-	38,706,592
At 31 December 2021/ 1 January 2022		60,698,348	38,706,592	38,497,593	137,902,533
Profit and total comprehensive income for the year		-	-	18,994,220	18,994,220
Proceeds from issuance of ordinary shares	11	3,931,267	-	-	3,931,267
At 31 December 2022		64,629,615	38,706,592	57,491,813	160,828,020
		Note 11	Note 11		

The notes on pages 74 to 115 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Company	Note	----- Attributable to owners of the Company -----		
		Non-distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
At 1 January 2021		60,690,723	6,999,322	67,690,045
Loss and total comprehensive expense for the year		-	(982,943)	(982,943)
Proceeds from issuance of ordinary shares	11	7,625	-	7,625
At 31 December 2021/ 1 January 2022		60,698,348	6,016,379	66,714,727
Profit and total comprehensive income for the year		-	3,839,822	3,839,822
Proceeds from issuance of ordinary shares	11	3,931,267	-	3,931,267
At 31 December 2022		64,629,615	9,856,201	74,485,816

Note 11

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit/(Loss) before tax		22,741,002	8,578,617	3,839,822	(982,943)
Adjustments for:					
Depreciation of property, plant and equipment	3	2,588,658	1,769,627	-	210
Dividend income from subsidiaries	15	-	-	(4,520,000)	-
Finance income	16	(191,430)	(276,329)	(59,542)	(103,596)
Property, plant and equipment written off	18	24,946	-	-	-
Loss on disposal of property, plant and equipment	18	134,548	139,644	-	-
Net (gain)/loss on impairment of:					
- financial assets	18	-	(16,112)	-	-
- investment in subsidiaries	18	-	-	18,359	139,993
Prepayments written off	18	-	311,347	-	-
Net unrealised foreign exchange (gain)/loss	18	(164,005)	46,648	5,144	52,781
Operating profit/(loss) before changes in working capital					
		25,133,719	10,553,442	(716,217)	(893,555)
Changes in working capital:					
Inventories		(2,333,015)	(4,205,786)	-	-
Trade and other payables		1,481,349	(331,543)	66,759	(29,949)
Trade and other receivables, prepayments and other assets		1,765,486	(5,583,641)	285,531	(353,481)
Contract liabilities		(1,484,299)	1,730,680	-	-
Cash generated from/(used in) operations					
		24,563,240	2,163,152	(363,927)	(1,276,985)
Dividend received		-	-	4,520,000	-
Interest received		191,430	276,329	59,542	103,596
Net income tax paid		(2,862,969)	(2,616,058)	-	-
Net cash from/(used in) operating activities					
		21,891,701	(176,577)	4,215,615	(1,173,389)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(a)	(18,071,612)	(5,979,525)	-	-
Net repayment of capital contributions by subsidiaries	5	-	-	200,000	1,426,150
Addition of capital contribution to subsidiaries	5	-	-	(7,529,719)	-
Acquisition of a subsidiary, net of cash and cash equivalents acquired	27	(297,162)	-	(300,000)	-
Proceeds from disposal of property, plant and equipment		120,988	502,101	-	-
Net cash (used in)/from investing activities					
		(18,247,786)	(5,477,424)	(7,629,719)	1,426,150

Statements of Cash Flows
For the year ended 31 December 2022
(cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from financing activities					
Dividends paid to owners of the Company		-	(3,614,992)	-	(3,614,992)
Proceeds from issuance of ordinary shares	11	3,931,267	7,625	3,931,267	7,625
Net cash from/(used in) financing activities					
		3,931,267	(3,607,367)	3,931,267	(3,607,367)
Net increase/(decrease) in cash and cash equivalents					
		7,575,182	(9,261,368)	517,163	(3,354,606)
Cash and cash equivalents at 1 January		16,553,607	25,814,975	5,616,829	8,971,435
Cash and cash equivalents at 31 December					
	10	24,128,789	16,553,607	6,133,992	5,616,829

(a) Acquisition of property, plant and equipment

Group	Note	2022 RM	2021 RM
Purchase of property, plant and equipment	3	21,336,612	5,979,525
Less: Amount due to creditor		(1,085,000)	-
Less: Deposit paid in prior year	7.1	(2,180,000)	-
Acquisition of property, plant and equipment by way of cash		18,071,612	5,979,525

(b) Cash outflows for leases as a lessee**Group**

Included in net cash from/(used in) operating activities are payments relating to short-term leases of RM384,020 (2021: RM375,970).

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office

Level 5, Tower 8,
Avenue 5, Horizon 2,
Bangsar South City
59200 Kuala Lumpur

Principal place of business

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as "the Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 6 April 2023.

1. Basis of preparation

(a) Statement of compliance

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

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – *Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements* – *Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* – *Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes* – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases* – *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements* – *Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

Notes To The Financial Statements

(cont'd)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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

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

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

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 3 – measurement of fair value of freehold land
- Note 4 – measurement of the recoverable amount of cash-generating unit
- Note 6 – valuation of sawn timber inventories

Notes To The Financial Statements (cont'd)

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

(ii) Business combinations

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

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

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Transactions eliminated on consolidation

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(b) Foreign currency transactions

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

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

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

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

(c) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(b) Fair value through profit or loss

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

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

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

Financial liabilities

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

(a) Fair value through profit or loss

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

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

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

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

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

(b) Amortised cost

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

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

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment except for freehold land are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold land is measured at fair value.

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

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

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

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

Property under the revaluation model

The Group revalues its freehold land every three years (2021: every year) and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is set-off against the revaluation reserve to the extent of a previous increase for the same freehold land. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

• right-of-use-assets-leasehold lands	32 - 45 years
• buildings	32 - 50 years
• machinery, forklifts, plant and equipment	5 - 10 years
• cabin, office equipment, furniture and fittings and renovation	5 - 12 years
• motor vehicles	10 years
• computer equipment	3 years

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured 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.

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

(iii) Subsequent measurement

The right-of-use asset is subsequently 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(f) Goodwill

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

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(g) Inventories

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

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

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

(h) Cash and cash equivalents

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

(i) Contract liability

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

(j) Impairment

(i) Financial assets

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

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

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected life of the asset that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group estimates the expected credit losses on trade receivables with reference to historical credit loss experience of the individual customers.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(k) Equity instruments

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

Ordinary shares are classified as equity.

(l) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(m) Revenue and other income

(i) Revenue

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

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

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

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

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

(ii) Dividend income

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

(iii) Interest income

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

(iv) Income from highly liquid investments

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

(n) Income tax

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

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

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

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

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

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

(o) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (Cont'd)

(o) Earnings per ordinary share (Cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(p) Operating segments

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

(q) Fair value measurements

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

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

Notes To The Financial Statements
(cont'd)

3. Property, plant and equipment

Group	Note	Freehold	Right-of-	Buildings	Machinery,	Cabin, office	Motor	Computer	Assets	Total
		lands	use-assets-	RM	forklifts,	equipment,	vehicles	equipment	under	
		RM	leasehold	RM	plant and	furniture and	RM	RM	construction	RM
			lands		equipment	renovation				
			RM	RM	RM	RM	RM	RM	RM	RM
Cost/Valuation										
At 1 January 2021		24,832,675	-	25,501,592	25,468,291	3,689,172	3,241,600	2,072,999	1,981,511	86,787,840
Additions		-	-	-	5,267,625	153,828	200,000	103,247	254,825	5,979,525
Revaluation of properties	19	43,007,325	-	-	-	-	-	-	-	43,007,325
Disposals		-	-	-	(306,600)	-	(804,441)	(15,589)	-	(1,126,630)
At 31 December 2021/										
1 January 2022		67,840,000	-	25,501,592	30,429,316	3,843,000	2,637,159	2,160,657	2,236,336	134,648,060
Additions		-	3,170,350	9,850,000	3,491,455	723,173	-	51,313	4,050,321	21,336,612
Disposals		-	-	-	(517,787)	(37,751)	(187,800)	-	-	(743,338)
Write-off		-	-	-	(472,661)	-	-	-	-	(472,661)
At 31 December 2022		67,840,000	3,170,350	35,351,592	32,930,323	4,528,422	2,449,359	2,211,970	6,286,657	154,768,673

Notes To The Financial Statements (cont'd)

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

Group	Note	Freehold	Right-of-	Buildings	Machinery,	Cabin, office	Motor	Computer	Assets	Total
		lands	use-assets- leasehold lands	RM	forklifts, plant and equipment	equipment, furniture and fixtures and renovation	vehicles	equipment	under construction	
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Depreciation										
At 1 January 2021		-	-	10,082,116	21,708,210	2,854,317	1,532,854	1,971,785	-	38,149,282
Depreciation for the year	18	-	-	506,731	787,199	151,601	260,021	64,075	-	1,769,627
Disposals		-	-	-	(78,858)	-	(390,555)	(15,472)	-	(484,885)
At 31 December 2021/		-	-	10,588,847	22,416,551	3,005,918	1,402,320	2,020,388	-	39,434,024
1 January 2022		-	69,650	723,132	1,283,834	207,081	242,302	62,659	-	2,588,658
Depreciation for the year	18	-	-	-	(262,256)	(37,747)	(187,799)	-	-	(487,802)
Disposals		-	-	-	(447,715)	-	-	-	-	(447,715)
Write-off		-	-	-	-	-	-	-	-	-
At 31 December 2022		-	69,650	11,311,979	22,990,414	3,175,252	1,456,823	2,083,047	-	41,087,165
Carrying amounts										
At 1 January 2021		24,832,675	-	15,419,476	3,760,081	834,855	1,708,746	101,214	1,981,511	48,638,558
At 31 December 2021/ 1 January 2022		67,840,000	-	14,912,745	8,012,765	837,082	1,234,839	140,269	2,236,336	95,214,036
At 31 December 2022		67,840,000	3,100,700	24,039,613	9,939,909	1,353,170	992,536	128,923	6,286,657	113,681,508

Notes To The Financial Statements (cont'd)

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

Company	Note	Office equipment RM
Cost		
At 1 January 2021/31 December 2021/ 1 January 2022/31 December 2022		15,300
Depreciation		
At 1 January 2021		15,090
Depreciation for the year	18	210
At 31 December 2021/1 January 2022		15,300
Depreciation for the year	18	-
At 31 December 2022		15,300
Carrying amounts		
At 1 January 2021		210
At 31 December 2021/1 January 2022		-
At 31 December 2022		-

Fair value information

The fair value of the freehold lands is categorised as Level 3 fair value.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

Group	2022 RM	2021 RM
At 1 January	67,840,000	24,832,675
Revaluation of properties	-	43,007,325
At 31 December	67,840,000	67,840,000

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

Fair values of freehold lands had been generally derived using the sales comparison approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The significant unobservable input into this valuation approach is price per square foot of comparable properties. The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

Notes To The Financial Statements (cont'd)

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

Fair value information (Cont'd)

Level 3 fair value (Cont'd)

Valuation process applied by the Group for Level 3 fair value

The fair value of freehold lands in 2021 were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Directors have determined that there is no change in the fair value of the freehold lands based on the sales comparison with similar properties that were listed for sale within the same locality or other comparable localities during the year.

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

Group 2022	Freehold lands RM
At cost	24,832,675

4. Intangible asset

Group	Note	Goodwill 2022 RM	2021 RM
Cost/Carrying amount			
At 1 January		878,181	878,181
Acquisition through business combination	27	298,522	-
At 31 December		1,176,703	878,181

Impairment testing for cash-generating unit containing goodwill

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

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

- Cash flows were projected based on actual operating results and a 5-year (2021: 5-year) projection.
- Revenue was projected at about RM59,600,000 in the first year of the cash flow projections. The anticipated annual revenue growth included thereon in the cash flow projections was 5% (2021: 5%) for the years 2024 to 2027 (2021: years 2023 to 2026).
- A pre-tax discount rate of 11.0% (2021: 11.0%) was applied in determining the recoverable amount. The discount rate was estimated based on the industry weighted average cost of capital.

Notes To The Financial Statements (cont'd)

4. Intangible asset (Cont'd)

Impairment testing for cash-generating unit containing goodwill (Cont'd)

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

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

- An increase of 1% (2021: 1%) in the discount rate; and
- A 10% (2021: 10%) decrease in future projected revenue.

5. Investment in subsidiaries

Company	Cost of investment RM	Capital contributions RM	Total RM
Cost			
At 1 January 2021	41,557,970	26,158,640	67,716,610
Net repayment of capital contributions	-	(1,426,150)	(1,426,150)
At 31 December 2021/1 January 2022	41,557,970	24,732,490	66,290,460
Net repayment of capital contributions	-	(200,000)	(200,000)
Acquisition through business combination	300,000	-	300,000
Addition of capital contribution to subsidiaries	-	7,529,719	7,529,719
At 31 December 2022	41,857,970	32,062,209	73,920,179
Impairment losses			
At 1 January 2021	4,568,394	716,631	5,285,025
Impairment loss	122,811	17,182	139,993
At 31 December 2021/1 January 2022	4,691,205	733,813	5,425,018
Impairment loss	-	18,359	18,359
At 31 December 2022	4,691,205	752,172	5,443,377
Carrying amounts			
At 1 January 2021	36,989,576	25,442,009	62,431,585
At 31 December 2021/1 January 2022	36,866,765	23,998,677	60,865,442
At 31 December 2022	37,166,765	31,310,037	68,476,802
	Note 5.1	Note 5.2	

Notes To The Financial Statements (cont'd)

5. Investment in subsidiaries (Cont'd)

5.1 Details of the subsidiaries are as follows:

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership and voting interest	
			2022 %	2021 %
Finesse Moulding (M) Sdn. Bhd.	Manufacture and sale of wooden picture frame mouldings	Malaysia	100	100
Scenic Moulding (M) Sdn. Bhd.	Property holding and rental of properties	Malaysia	100	100
Classic Frame Moulding (M) Sdn. Bhd.	Dormant	Malaysia	100	100
Lim Ket Leng Realty Sdn. Bhd.	Property holding and rental of properties	Malaysia	100	100
Hock Hoe Hin Forest Produce Sdn. Bhd. [^]	Sawmilling contractor	Malaysia	100	-
Lim Ket Leng Timber Sdn. Bhd.	Manufacture and sale of timber products	Malaysia	100	100
Lim Ket Leng Marketing Sdn. Bhd.	Dormant	Malaysia	100	100
CScenic Agro Marketing Sdn. Bhd. [#]	Dormant	Malaysia	100	76

[^] Not audited by KPMG PLT.

[#] On 17 May 2022, the Company received 24 ordinary shares of RM1.00 each in the form of share transfer from the non-controlling interest of CScenic Agro Marketing Sdn. Bhd., increasing the Company's ownership from 76% to 100%.

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

Notes To The Financial Statements (cont'd)

6. Inventories

Group	2022 RM	2021 RM
Raw materials and consumables	21,898,199	18,572,030
Work-in-progress	4,338,085	4,952,437
Finished goods	3,272,795	3,651,597
	29,509,079	27,176,064

Inventories recognised as cost of sales in profit or loss during the financial year amounted to RM46,841,711 (2021: RM31,955,854).

Included in raw materials and consumables are sawn timber inventories amounting to RM16,832,390 (2021: RM12,959,734). The determination of the level of write down of sawn timber inventories involves significant judgement made by the Directors in predicting the amount of future demand from customers vis-à-vis the risk of physical deterioration of the sawn timber inventories. In mitigating the risk of physical deterioration that may affect the valuation of sawn timber inventories, all sawn timber inventories of the Group are subjected to the following processes before they are stored in the warehouse:

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

7. Trade and other receivables

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Trade					
Trade receivables from contracts with customers	23.4	4,930,688	5,683,897	-	-
Non-trade					
Other receivables and deposits	7.1	693,477	3,329,674	6,850	304,860
		5,624,165	9,013,571	6,850	304,860

7.1 Included in 2021's other receivables and deposits were RM1,250,000 relating to deposit paid for the acquisition of the leasehold lands and buildings and RM930,000 relating to deposit paid for the acquisition of plant and equipment.

Notes To The Financial Statements (cont'd)

8. Prepayments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Prepayments	758,056	1,319,604	7,335	-

Prepayments are mainly related to advance payments made to suppliers and service providers.

9. Derivative financial assets

Group	2022		2021	
	Nominal value RM	Assets RM	Nominal value RM	Assets RM
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	5,466,528	207,241	12,585,031	39,165

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

10. Cash and cash equivalents

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	8,204,438	6,314,013	157,238	116,474
Highly liquid investments with non-bank financial institutions	15,924,351	10,239,594	5,976,754	5,500,355
	24,128,789	16,553,607	6,133,992	5,616,829

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

Notes To The Financial Statements (cont'd)

11. Capital and reserves

Share capital

Group and Company	Number of ordinary shares 2022	Amount 2022 RM	Number of ordinary shares 2021	Amount 2021 RM
Ordinary shares, issued and fully paid shares with no par value classified as equity instruments				
At 1 January	241,011,980	60,698,348	120,499,740	60,690,723
Bonus shares issued	-	-	120,499,740	-
Issued via exercise of warrants	6,444,700	3,931,267	12,500	7,625
At 31 December	247,456,680	64,629,615	241,011,980	60,698,348

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Bonus shares and Warrants 2022/2026

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

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

During the financial year, 6,444,700 (2021: 12,500) warrants have been exercised where 6,444,700 (2021: 12,500) new ordinary shares were issued at an exercise price of RM0.61 (2021: RM0.61) per ordinary share for a total cash consideration of RM3,931,267 (2021: RM7,625). As at 31 December 2022, there are 114,042,540 (2021: 120,487,240) warrants which remain unexercised.

Revaluation reserve

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

Notes To The Financial Statements (cont'd)

12. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment	-	-	4,299,720	3,000,076	4,299,720	3,000,076
Revaluation surplus	-	-	4,300,733	4,300,733	4,300,733	4,300,733
Other temporary differences	(140,773)	-	-	18,585	(140,773)	18,585
Tax liabilities	(140,773)	-	8,600,453	7,319,394	8,459,680	7,319,394
Set off	140,773	-	(140,773)	-	-	-
Net tax liabilities	-	-	8,459,680	7,319,394	8,459,680	7,319,394

Movement in temporary differences during the year

Group	Note	Property, plant and equipment RM	Revaluation surplus RM	Other temporary differences RM	Total RM
At 1 January 2021		2,771,938	-	197,859	2,969,797
Recognised in profit or loss	17	228,138	-	(179,274)	48,864
Recognised in other comprehensive income	19	-	4,300,733	-	4,300,733
At 31 December 2021/ 1 January 2022		3,000,076	4,300,733	18,585	7,319,394
Recognised in profit or loss	17	1,299,644	-	(159,358)	1,140,286
At 31 December 2022		4,299,720	4,300,733	(140,773)	8,459,680

Notes To The Financial Statements (cont'd)

13. Trade and other payables

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Trade					
Trade payables		1,238,539	1,026,599	-	-
Non-trade					
Other payables and accruals		4,442,603	2,083,097	113,163	72,404
Amount due to a subsidiary	13.1	-	-	26,000	-
		4,442,603	2,083,097	139,163	72,404
		5,681,142	3,109,696	139,163	72,404

13.1 The amount due to a subsidiary is unsecured, interest free and repayable on demand.

14. Contract liabilities

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

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

Group	2022 RM	2021 RM
Contract liabilities at the beginning of the year		
recognised as revenue	1,975,791	245,111
Advances received from customers	491,492	1,975,791

Notes To The Financial Statements (cont'd)

15. Revenue

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers	78,841,089	48,758,474	-	-
Other revenue				
Dividend income from subsidiaries	-	-	4,520,000	-
	78,841,089	48,758,474	4,520,000	-

15.1 Disaggregation of revenue

Group	Reportable segments and major products				Total	
	Wooden picture frame mouldings		Other timber products		2022 RM	2021 RM
	2022 RM	2021 RM	2022 RM	2021 RM		
Primary geographical markets						
North America	59,037,153	35,762,360	-	-	59,037,153	35,762,360
Australia	7,984,180	4,139,287	-	-	7,984,180	4,139,287
Malaysia	329,965	449,009	1,639,166	3,558,006	1,969,131	4,007,015
Other countries	9,850,625	4,849,812	-	-	9,850,625	4,849,812
	77,201,923	45,200,468	1,639,166	3,558,006	78,841,089	48,758,474

15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

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

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

Notes To The Financial Statements (cont'd)

16. Finance income

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost	8,249	2,552	-	-
Interest income of financial assets at fair value through profit or loss	183,181	273,777	59,542	103,596
	191,430	276,329	59,542	103,596

17. Income tax expense

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense				
Malaysian				
- current year	3,488,044	2,137,918	-	-
- over provision in prior year	(881,548)	(16,171)	-	-
Total current tax recognised in profit or loss	2,606,496	2,121,747	-	-
Deferred tax expense				
Origination and reversal of temporary differences	651,581	237,021	-	-
Under/(Over) provision in prior year	488,705	(188,157)	-	-
Total deferred tax recognised in profit or loss (Note 12)	1,140,286	48,864	-	-
Total income tax expense	3,746,782	2,170,611	-	-
Reconciliation of income tax expense				
Profit/(Loss) before tax	22,741,002	8,578,617	3,839,822	(982,943)
Income tax calculated using Malaysian tax rate at 24%	5,457,840	2,058,868	921,557	(235,906)
Non-deductible expenses	379,887	487,819	177,533	260,769
Tax incentive	(1,652,159)	-	-	-
Tax exempt income	(45,943)	(171,748)	(1,099,090)	(24,863)
	4,139,625	2,374,939	-	-
Over provision in prior year	(392,843)	(204,328)	-	-
Total income tax expense	3,746,782	2,170,611	-	-

Notes To The Financial Statements (cont'd)

18. Profit/(Loss) for the year

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) for the year is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- Audit fees					
- KPMG PLT		175,000	150,000	60,000	50,000
- Other auditor		1,000	-	-	-
- Non-audit fees					
- KPMG PLT		10,000	10,000	10,000	10,000
- Local affiliate of KPMG PLT		46,300	46,300	5,500	5,500
Material expenses/ (income)					
Depreciation of property, plant and equipment	3	2,588,658	1,769,627	-	210
Dividend income from subsidiaries	15	-	-	(4,520,000)	-
Prepayments written off		-	311,347	-	-
Property, plant and equipment written off		24,946	-	-	-
Loss on disposal of property, plant and equipment		134,548	139,644	-	-
Net (gain)/loss on impairment of:					
- financial assets	23.4	-	(16,112)	-	-
- investment in subsidiaries	5	-	-	18,359	139,993
Net (gains)/losses on foreign exchange:					
- unrealised		(164,005)	46,648	5,144	52,781
- realised		640,948	112,234	-	-
Personnel expenses (including key management personnel):					
- contributions to state plan		1,093,683	932,448	-	-
- wages, salaries and others		16,774,903	12,372,343	-	-
Expenses arising from leases					
Expenses relating to short-term leases		384,020	375,970	-	-

Notes To The Financial Statements (cont'd)

19. Other comprehensive income

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

20. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2022 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2022 RM	2021 RM
Profit for the year attributable to owners of the Company	18,994,220	6,408,006

Group	2022	2021
Weighted average number of ordinary shares at 31 December (basic)	242,073,396	241,001,020

Group	2022 Sen	2021 Sen
Basic earnings per ordinary share	7.85	2.66

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2022 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2022 RM	2021 RM
Profit for the year attributable to ordinary shareholders	18,994,220	6,408,006

Group	2022	2021
Weighted average number of ordinary shares at 31 December (basic)	242,073,396	241,001,020
Effect of warrants on issue	37,558,920	6,764,946

Weighted average number of ordinary shares at 31 December (diluted)	279,632,316	247,765,966
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Notes To The Financial Statements (cont'd)

20. Earnings per ordinary share (Cont'd)

Diluted earnings per ordinary share (Cont'd)

The calculation of diluted earnings per ordinary share at 31 December 2022 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows (continued):

Group	2022 Sen	2021 Sen
Diluted earnings per ordinary share	6.79	2.59

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

21. Operating segments

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

Reportable segment	Principal business activities
Wooden picture frame mouldings	Manufacture and sale of wooden picture frame mouldings
Other timber products	Manufacture and sale of other timber products
Property holding	Holding and rental of properties

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

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

Segment assets

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

Segment liabilities

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

Notes To The Financial Statements
(cont'd)

21. Operating segments (Cont'd)

Group	Wooden picture frame mouldings		Other timber products		Property holding		Total	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Segment profit/(loss)	16,801,000	5,713,496	(155,615)	128,346	3,168,158	1,546,502	19,813,543	7,388,344
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	77,201,923	45,200,468	1,639,166	3,558,006	-	-	78,841,089	48,758,474
Inter-segment revenue	-	-	-	-	4,944,693	2,754,708	4,944,693	2,754,708
Depreciation	1,904,607	1,086,217	176,469	176,469	506,732	368,755	2,587,808	1,631,441
Finance income	106,591	138,724	12,626	26,582	8,863	4,247	128,080	169,553
Tax expense	2,780,478	1,707,754	(51,695)	34,005	1,016,911	467,486	3,745,694	2,209,245
Segment assets	79,703,060	52,932,057	2,065,450	4,884,424	87,041,942	82,561,449	168,810,452	140,377,930
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	21,174,430	5,724,700	-	-	158,364	254,825	21,332,794	5,979,525
Segment liabilities	8,433,718	5,963,715	227,609	390,969	1,184,062	1,281,452	9,845,389	7,636,136

Notes To The Financial Statements (cont'd)

21. Operating segments (Cont'd)

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

	Segment profit RM	External revenue RM	Depreciation RM	Finance income RM	Tax expense RM	Segment assets RM	Segment liabilities RM
2022							
Total reportable segments	19,813,543	78,841,089	2,587,808	128,080	3,745,694	168,810,452	14,603,590
Other non-reportable segments	(819,323)	-	850	63,350	1,088	6,767,570	146,412
Consolidated total	18,994,220	78,841,089	2,588,658	191,430	3,746,782	175,578,022	14,750,002
2021							
Total reportable segments	7,388,344	48,758,474	1,631,441	169,553	2,170,611	140,377,930	12,370,502
Other non-reportable segments	(980,338)	-	138,186	106,776	-	10,000,663	105,558
Consolidated total	6,408,006	48,758,474	1,769,627	276,329	2,170,611	150,378,593	12,476,060

Major customers

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

Group	Revenue		Segment
	2022 RM	2021 RM	
Customer A	9,109,183	4,188,887	Wooden picture frame mouldings
Customer B	11,564,883	8,028,065	Wooden picture frame mouldings

Notes To The Financial Statements (cont'd)

22. Financial instruments

22.1 Categories of financial instruments

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

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

	Carrying amount RM	AC RM	Mandatorily at FVTPL RM
2022			
Financial assets			
Group			
Trade and other receivables	5,624,165	5,624,165	-
Derivative financial assets	207,241	-	207,241
Cash and cash equivalents	24,128,789	8,204,438	15,924,351
	29,960,195	13,828,603	16,131,592
Company			
Trade and other receivables	6,850	6,850	-
Cash and cash equivalents	6,133,992	157,238	5,976,754
	6,140,842	164,088	5,976,754
Financial liabilities			
Group			
Trade and other payables	5,681,142	5,681,142	-
Company			
Trade and other payables	139,163	139,163	-
2021			
Financial assets			
Group			
Trade and other receivables	9,013,571	9,013,571	-
Derivative financial assets	39,165	-	39,165
Cash and cash equivalents	16,553,607	6,314,013	10,239,594
	25,606,343	15,327,584	10,278,759
Company			
Trade and other receivables	304,860	304,860	-
Cash and cash equivalents	5,616,829	116,474	5,500,355
	5,921,689	421,334	5,500,355
Financial liabilities			
Group			
Trade and other payables	3,109,696	3,109,696	-
Company			
Trade and other payables	72,404	72,404	-

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Net (losses)/gains on:				
Financial assets at amortised cost	355,881	76,593	-	-
Financial assets at fair value through profit or loss - Mandatorily required by MFRS 9	(641,394)	56,966	54,398	50,815
	(285,513)	133,559	54,398	50,815

22.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

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

Trade receivables

Risk management objectives, policies and processes for managing the risk

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

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

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

There are no significant changes as compared to previous year.

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis and past payment trend analysis to monitor the credit quality of trade receivables. Any trade receivables having significant balances past due more than 30 days (2021: 30 days) and have exceeded their individual historical collection period, which are deemed to have higher credit risk, are monitored individually.

The trade receivables of the Group are unsecured.

Concentration of credit risk

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

Group	2022 RM	2021 RM
North America	3,221,368	5,081,803
Japan	933,957	-
Malaysia	272,763	534,364
Others	502,600	67,730
	4,930,688	5,683,897

At the reporting date, approximately 68% (2021: 71%) of the Group's trade receivables were due from 6 (2021: 3) major customers located in North America.

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses

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

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

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

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

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

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

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
2022			
Not past due	4,073,887	-	4,073,887
Past due less than 30 days	825,819	-	825,819
Past due 31-60 days	30,262	-	30,262
Past due 61-90 days	720	-	720
	4,930,688	-	4,930,688
Credit impaired			
Individually impaired	490,503	(490,503)	-
	5,421,191	(490,503)	4,930,688

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
2021			
Not past due	5,378,632	-	5,378,632
Past due less than 30 days	185,820	-	185,820
Past due 31-60 days	111,395	-	111,395
Past due 61-90 days	8,050	-	8,050
	5,683,897	-	5,683,897
Credit impaired			
Individually impaired	490,503	(490,503)	-
	6,174,400	(490,503)	5,683,897

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

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

Group	2022 RM	2021 RM
At 1 January	490,503	506,615
Reversal of impairment losses	-	(16,112)
At 31 December	490,503	490,503

22.5 Liquidity risk

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

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

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

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.5 Liquidity risk (Cont'd)

Maturity analysis

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

Group	Carrying amount RM	Contractual interest rate	Contractual cash flow RM	Under 1 year RM
2022				
Trade and other payables	5,681,142	-	5,681,142	5,681,142
<i>Derivative financial assets</i>				
Forward exchange contracts (gross settled):				
- Inflow	(207,241)		(5,466,528)	(5,466,528)
- Outflow	-		5,259,287	5,259,287
	5,473,901		5,473,901	5,473,901
2021				
Trade and other payables	3,109,696	-	3,109,696	3,109,696
<i>Derivative financial assets</i>				
Forward exchange contracts (gross settled):				
- Inflow	(39,165)	-	(12,585,031)	(12,585,031)
- Outflow	-	-	12,545,866	12,545,866
	3,070,531		3,070,531	3,070,531
Company				
2022				
Other payables and accruals	139,163		139,163	139,163
2021				
Other payables and accruals	72,404	-	72,404	72,404

22.6 Market risk

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

Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.6 Market risk (Cont'd)

Currency risk (Cont'd)

Exposure to foreign currency risk

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

Group Balances recognised in the statement of financial position	2022 Denominated in			2021 Denominated in		
	USD RM	EUR RM	YEN RM	USD RM	EUR RM	YEN RM
Trade receivables	3,221,368	503,356	933,200	5,081,803	38,632	-
Cash and cash equivalents	1,316,259	897,671	459	3,498,445	381,779	585,957
Forward foreign exchange contracts	207,241	-	-	39,165	-	-
Trade payables	-	-	-	(833)	-	-
Net exposure	4,744,868	1,401,027	933,659	8,618,580	420,411	585,957

Currency risk sensitivity analysis

A 5% (2021: 5%) strengthening of Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on the foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	Profit or loss	
	2022 RM	2021 RM
USD	180,305	327,506
EUR	53,239	15,976
YEN	35,479	22,266

A 5% (2021: 5%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.7 Fair value information

The carrying amounts of cash and bank balances, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments, hence no fair value hierarchy was disclosed.

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

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

Group	Fair value of financial instruments carried at fair value			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
2022				
Highly liquid investments with non-bank financial institutions	-	15,924,351	-	15,924,351
Forward exchange contracts	-	207,241	-	207,241
	-	16,131,592	-	16,131,592
2021				
Highly liquid investments with non-bank financial institutions	-	10,239,594	-	10,239,594
Forward exchange contracts	-	39,165	-	39,165
	-	10,278,759	-	10,278,759
Company				
2022				
Highly liquid investments with non-bank financial institutions	-	5,976,754	-	5,976,754
2021				
Highly liquid investments with non-bank financial institutions	-	5,500,355	-	5,500,355

Policy on transfer between levels

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

Level 2 fair value

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

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

Notes To The Financial Statements (cont'd)

22. Financial instruments (Cont'd)

22.7 Fair value information (Cont'd)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either direction).

23. Capital management

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

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

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

24. Capital commitments

	Group	
	2022 RM	2021 RM
Capital expenditure commitments		
Property, plant and equipment contracted but not provided for in the financial statements	939,340	14,032,767

25. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors				
Fees	144,000	114,179	144,000	114,179
Remuneration	1,491,854	1,289,490	-	-
Other short-term employee benefits	37,556	19,650	18,000	19,650
	1,673,410	1,423,319	162,000	133,829
Other key management personnel				
Remuneration	701,437	535,613	-	-
	2,374,847	1,958,932	162,000	133,829

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

The estimated monetary value of Directors' benefit-in-kind is RM11,100 (2021: RM38,997).

Notes To The Financial Statements (cont'd)

26. Related parties

Identity of related parties

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

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

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 5, Note 7 and Note 13.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Subsidiaries				
Management fees paid	-	-	25,000	25,000
Management fees payable	-	-	26,000	-
Dividend income	-	-	(4,520,000)	
Net repayment of capital contributions	-	-	200,000	1,426,150
Addition of capital contributions	-	-	(7,529,719)	-

27. Acquisition of a subsidiary

On 12 January 2022, the Group acquired the entire shares in Hock Hoe Hin Forest Produce Sdn. Bhd. ("HHH") for RM300,000, satisfied in cash. The acquisition has expanded the Group's operations into the upstream of timber sawmilling.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	Note	Group 2022 RM
Cash and cash equivalents		300,000

Notes To The Financial Statements (cont'd)

27. Acquisition of a subsidiary (Cont'd)

Identifiable assets acquired and liabilities assumed

	Note	Group 2022 RM
Current tax assets		5,134
Other receivables and deposits		583
Cash and cash equivalents		2,838
Other creditors		(7,077)
		1,478

Net cash outflow arising from acquisition of the subsidiary

	Group 2022 RM
Purchase consideration settled in cash and cash equivalents	(300,000)
Cash and cash equivalents acquired	2,838
	(297,162)

Goodwill

	Group 2022 RM
Total consideration transferred	300,000
Fair value of identifiable net assets	(1,478)
	298,522
Goodwill on acquisition	4

28. Subsequent events

(a) On 22 March 2023, the Company proposed the following:

- (i) bonus issue of up to 180,749,610 new ordinary shares on the basis of 1 bonus share for every 2 existing ordinary shares held by the shareholders of the Company; and
- (ii) share buy-back of up to 10% of the issued ordinary shares through Bursa Malaysia Securities Berhad. The proposed share buy-back is subject to approval from the shareholders of the Company at the forthcoming Annual General Meeting of the Company.

(b) On 29 March 2023, the Group proposed an interim single tier dividend of 5.5 sen per ordinary share totaling approximately RM13,600,000 in respect of the financial year ending 31 December 2023.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 68 to 115 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

.....
Lim Chee Beng
Director

.....
Vo Nghia Huu
Director

Petaling Jaya,

Date: 6 April 2023

STATUTORY DECLARATION

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

I, **Lim Chee Beng**, the Director primarily responsible for the financial management of Classic Scenic Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 115 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Lim Chee Beng, NRIC: 630826-10-7039, at Kuala Lumpur, in the Federal Territory on 6 April 2023.

.....
Lim Chee Beng

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CLASSIC SCENIC BERHAD

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Classic Scenic Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 115.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group

Refer to Note 1(d) – Basis of preparation: Use of estimates and judgements, Note 2(g) - Significant accounting policy: Inventories and Note 6 - Inventories.

The key audit matter

The Group kept a significant amount of raw material inventories. These raw material inventories comprised mainly sawn timber amounting to RM16,832,390 as at 31 December 2022.

The valuation of sawn timber inventories was identified as a key audit matter because of the judgement required to determine the level of inventory write down. Sawn timber inventories are also subject to risk of physical deterioration.

Independent Auditors' Report

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

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

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

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

We observed the year end physical inventory count conducted by the Group and inspected, on a sample basis, the physical conditions of sawn timber inventories to identify physically deteriorated sawn timber inventories.

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

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

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- i. 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.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- vi. 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.

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.

Independent Auditors' Report

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 6 April 2023

Florence Chua Lei Choon

Approval Number: 03347/01/2024 J
Chartered Accountant

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

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

During the FYE 2022, the amount of audit and non-audit fees paid/payable to the External Auditors, by the Company and Group respectively were as follows: -

	The Company RM	The Group RM
Audit Fees	60,000	176,000
Non-Audit Fees		
(a) Tax Compliance	5,500	46,300
(b) Statement of Risk Management and Internal Control	10,000	10,000
	75,500	232,300

2. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders which was either still subsisting at the end of FYE 2022 or entered into since the end of the previous financial year.

3. RECURRENT RELATED PARTY TRANSACTION ("RRPT")

During FYE 2022, there was no RRPT entered which requires shareholders' mandate.

LIST OF PROPERTIES

No.	Title No.	Tenure	Description of property/ Existing use	Land area/ Built-up area (sq. ft.)	Acquisition/ Revaluation Date	Approximate Age of Building	Audited NBV as at 31 December 2022 (RM)
1	Lot 9, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86305, Lot 186 Seksyen 19 (formerly under HSD 28279 PT 10351, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	76,209 / 69,369	25.03.1991 (acquisition) 28.11.2021 (revaluation)	28 years	10,872,597
2	Lot 10, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86306, Lot 187 Seksyen 19 (formerly under HSD 28280 PT 10352, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	76,058 / 65,383	03.01.1992 24.08.1994 (acquisition) 28.11.2021 (revaluation)	25 years	11,001,700
3	Lot 11, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86307, Lot 188 Seksyen 19 (formerly under HSD 28281 PT 10353, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	94,422 / 70,347	19.07.2002 (acquisition) 28.11.2021 (revaluation)	18 years	13,764,665
4	Lot 12, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86308, Lot 189 Seksyen 19 (formerly under HSD 28282 PT 10354, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding	98,631 / 106,692	21.04.1999 (acquisition) 28.11.2021 (revaluation)	21 years	15,623,477
5	Lot 13, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86309, Lot 191 Seksyen 19 (formerly under HSD 28283 PT 10355, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Factory complex and office premises for the manufacturing of wooden picture frame moulding, pallets and stillages	76,478 / 60,500	08.01.1999 (acquisition) 28.11.2021 (revaluation)	22 years	11,245,626
6	Lot 41, Jalan RP, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86350, Lot 204 Seksyen 19 (formerly under HSD 28293 PT 10365, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Factory complex and warehouse premises for the manufacturing of wooden picture frame moulding	79,739 / 74,261	25.01.2006 (acquisition) 28.11.2021 (revaluation)	15 years	12,197,945

List of Properties (cont'd)

No.	Title No.	Tenure	Description of property/ Existing use	Land area/ Built-up area (sq. ft.)	Acquisition/ Revaluation Date	Approximate Age of Building	Audited NBV as at 31 December 2022 (RM)
7	Lot 2375, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan.	N/A ⁽¹⁾	Factory complex and warehouse for storing of wooden picture frame moulding	23,400 / 22,435	24.9.2002 (approval)	19 years	Nil
8	GM 4833, Lot 1371, Mukim Ulu Yam, Tempat Ulu Kg. Tembayan, Daerah Hulu Selangor, Selangor Darul Ehsan.	Freehold	Vacant land	125,238 / N/A	11.05.2012 (acquisition) 28.11.2021 (revaluation)	N/A	3,500,000
9	GM6281 (formerly known as EMR3236), Lot 1832, Mukim Ulu Yam, Daerah Hulu Selangor, Selangor Darul Ehsan.	Freehold	Vacant land	78,953 / N/A	22.06.2012 (acquisition) 28.11.2021 (revaluation)	N/A	790,000
10	GM4848 (formerly known as EMR3181), Lot 1833, Mukim Ulu Yam, Daerah Hulu Selangor, Selangor Darul Ehsan.	Freehold	Vacant land	95,282 / N/A	22.06.2012 (acquisition) 28.11.2021 (revaluation)	N/A	950,000
11	Lot 569, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86843, Lot 569 Seksyen 19 (formerly under HSD 28340 PT 10412, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Freehold	Warehouse building construction in-progress	39,148 / N/A	26.09.2012 (acquisition) 28.11.2021 (revaluation)	N/A	2,300,000
12	Lot 12821, Kawasan Perindustrian Bidor, 35500 Bidor, Perak Darul Ridzuan held under title HSD 2142 PT 3147, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan.	Leasehold 60 years, expiring in 2055	Factory complex and warehouse premises for the sawmilling and manufacturing of wooden picture frame moulding	223,997 / 112,240	31.03.2022 (acquisition)	<1 year	5,899,460
13	Lot 12822, Kawasan Perindustrian Bidor, 35500 Bidor, Perak Darul Ridzuan held under title HSD 4069 PT 3376, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan.	Leasehold 60 years, expiring in 2057	Factory complex and warehouse premises for the manufacturing of wooden picture frame moulding	102,860 / 49,765	31.03.2022 (acquisition)	<1 year	2,827,213

List of Properties (cont'd)

No.	Title No.	Tenure	Description of property/ Existing use	Land area/ Built-up area (sq. ft.)	Acquisition/ Revaluation Date	Approximate Age of Building	Audited NBV as at 31 December 2022 (RM)
14	Lot 12823, Kawasan Perindustrian Bidor, 35500 Bidor, Perak Darul Ridzuan held under title HSD 4071 PT 3375, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan.	Leasehold 60 years, expiring in 2057	Factory complex and warehouse premises for the manufacturing of wooden picture frame moulding	139,909 / 67,690	31.03.2022 (acqui-sition)	<1 year	3,845,543
15	Lot 17334, Kawasan Perindustrian Bidor, 35500 Bidor, Perak Darul Ridzuan held under title HSD 14794 PT 6680, Mukim of Bidor, District of Batang Padang, Perak Darul Ridzuan.	Leasehold 60 years, expiring in 2067	Vacant land	52,861 / N/A	31.03.2022 (acquisition)	N/A	162,087

Note: -

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

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

ISSUED SHARES OF THE COMPANY

Total Number of Issued Shares & Class of Shares	:	248,606,380 Ordinary Shares
Number of Shareholders	:	2,483
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	31	1.25	582	0.00
100 - 1,000	375	15.10	150,538	0.06
1,001 - 10,000	1,170	47.12	6,257,900	2.52
10,001 - 100,000	738	29.72	23,502,060	9.45
100,001 to less than 5% of issued shares	167	6.73	126,435,300	50.86
5% and above of issued shares	2	0.08	92,260,000	37.11
Total	2,483	100.00	248,606,380	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	No. of Ordinary Shares		%
		%	Indirect	
Dato' Ong Choo Meng	77,260,000	31.08	-	-

DIRECTORS' SHAREHOLDINGS

Name	Direct	No. of Ordinary Shares		%
		%	Indirect	
Datuk Iskandar Bin Sarudin	-	-	-	-
Lim Chee Beng	-	-	-	-
Vo Nghia Huu	-	-	-	-
Lim Kim Lee	5,040	^ 0.00	-	-
Ooi Youk Lan	-	-	-	-
Lew Chong Kiat	-	-	-	-
Teh ZiYang	-	-	-	-

Note: -

(^) Negligible

Analysis of Shareholdings as at 31 March 2023 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng (MGN-OCM0001M)	17,650,000	7.10
2. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Ong Choo Meng (SMART)	16,500,000	6.64
3. Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Kenanga Islamic Absolute Return Fund	15,000,000	6.03
4. Ong Choo Meng (Dato')	10,400,000	4.18
5. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (Dato')	10,000,000	4.02
6. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Ong Kah Hoe	9,800,000	3.94
7. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chee Sing	6,950,000	2.80
8. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kong Fitt (MGN-CKF0008M)	6,330,000	2.55
9. Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	4,800,000	1.93
10. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (Dato') (MY3918)	4,600,000	1.85
11. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choo Meng (Dato')	4,560,000	1.83
12. HSBC Nominees (Asing) Sdn Bhd Societe Generale Paris	4,425,200	1.78
13. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Ong Choo Meng	4,000,000	1.61
14. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tiam Hock	3,613,100	1.45
15. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Ah Chai	3,500,000	1.41
16. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	3,500,000	1.41
17. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tiam Hock	3,362,000	1.35
18. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Dato' Ong Choo Meng (PB)	3,350,000	1.35
19. Lim Kwee Huay	3,000,000	1.21

Analysis of Shareholdings as at 31 March 2023 (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name	No. of Shares Held	%
20. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ooi Peng Cuan (PB)	2,750,000	1.11
21. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng (6000478)	2,700,000	1.09
22. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Desiran Realiti Sdn. Bhd. (7000431)	2,600,000	1.05
23. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tiam Hock (7009898)	2,495,000	1.00
24. Ong Ken Sim	2,260,000	0.91
25. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Charlie Ching Wee Chun (MY3732)	2,211,000	0.89
26. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chin Siu	2,164,900	0.87
27. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheong Kong Fitt	2,140,000	0.86
28. Amanahraya Trustees Berhad PMB Shariah Aggressive Fund	2,136,100	0.86
29. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheong Kong Fitt (MY4512)	2,050,000	0.82
30. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Charlie Ching Wee Chun	1,850,000	0.74
Total	160,697,300	64.64

ANALYSIS OF WARRANTHOLDINGS

AS AT 31 MARCH 2023

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants Held	%
Less than 100	37	2.15	849	0.00
100 - 1,000	403	23.43	158,661	0.14
1,001 - 10,000	781	45.41	3,775,050	3.35
10,001 - 100,000	409	23.78	13,555,280	12.03
100,001 to less than 5% of issued warrants	89	5.17	59,073,000	52.43
5% and above of issued warrants	1	0.06	36,130,000	32.05
Total	1,720	100.00	112,692,840	100.00

LIST OF SUBSTANTIAL WARRANTHOLDERS

Name	Direct	No. of Warrants		%
		%	Indirect	
Dato' Ong Choo Meng	36,130,000	32.05	-	-

DIRECTORS' WARRANTHOLDINGS

Name	Direct	No. of Warrants		%
		%	Indirect	
Datuk Iskandar Bin Sarudin	-	-	-	-
Lim Chee Beng	-	-	-	-
Vo Nghia Huu	-	-	-	-
Lim Kim Lee	120	[^] 0.00	-	-
Ooi Youk Lan	-	-	-	-
Lew Chong Kiat	-	-	-	-
Teh ZiYang	50,000	0.04	-	-

Note: -

([^]) Negligible

LIST OF THIRTY LARGEST WARRANTHOLDERS

Name	No. of Warrants Held	%
1. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Choo Meng (Dato')	22,130,000	19.64
2. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	6,000,000	5.32
3. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (Dato') (MY3918)	6,000,000	5.32
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chin Siu	5,000,500	4.44
5. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ooi Peng Cuan (PB)	4,000,000	3.55
6. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Tzu Chuen	3,800,000	3.37

Analysis of Warrantholdings as at 31 March 2023 (cont'd)

LIST OF THIRTY LARGEST WARRANTHOLDERS (CONT'D)

Name	No. of Warrants Held	%
7. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Keh Chuan Seng (SMART)	3,272,000	2.90
8. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Ah Chai (8103749)	3,260,000	2.89
9. Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	2,400,000	2.13
10. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Yee Hong	2,400,000	2.13
11. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Kek Siung	2,365,900	2.10
12. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Ah Chai	2,200,000	1.95
13. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Ong Choo Meng	2,000,000	1.77
14. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yih Ming	1,893,500	1.68
15. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oye Chee Peng (E-KPG)	1,880,000	1.67
16. Yong Tien Cin	1,550,000	1.38
17. BIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cha Weay Chia (MGNM43004)	1,480,000	1.31
18. Chan Wah Kiang	1,400,000	1.24
19. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Boon Chin	1,371,100	1.22
20. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Charlie Ching Wee Chun	1,254,300	1.11
21. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chu Yee Hong	1,200,000	1.06
22. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chyi Boon	1,200,000	1.06
23. Tan Chen Keong	833,000	0.74
24. Khor Saw Peng	780,400	0.69
25. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Kerd Yee	723,000	0.64
26. Chu Kerd Yee	719,000	0.64
27. Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Kim Bian (Margin)	600,000	0.53
28. Ng Hok Kea	600,000	0.53
29. How Lian Yeong	558,400	0.50
30. Chang Fai Ann	494,700	0.44
Total	83,365,800	73.95

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth (20th) Annual General Meeting ("**AGM**") of the Company will be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on Tuesday, 23 May 2023 at 10.00 a.m.

AGENDA

Ordinary Business

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. | Explanatory Note 1 |
| 2. To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM200,000/-, from 23 May 2023 until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM30,000/-, from 23 May 2023 until the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 2 |
| 4. To re-elect the following Directors who retire pursuant to Clause 97 of the Company's Constitution:-

(a) Ms Ooi Youk Lan
(b) Datuk Iskandar Bin Sarudin | Ordinary Resolution 3
Ordinary Resolution 4 |
| 5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

Special Business

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

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

"**THAT** subject always to the Companies Act 2016 ("**Act**"), Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and approvals of the relevant governmental/regulatory bodies (if applicable), the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue new shares in the Company from time to time and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued during the preceding twelve (12) months pursuant to this resolution, does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

Notice of Annual General Meeting (cont'd)

AND THAT pursuant to Section 85 of the Act read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, unless revoked or varied by an ordinary resolution of the Company at a general meeting, whichever is the earlier."

7. **PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE TOTAL ISSUED ORDINARY SHARES OF CLASSIC SCENIC BERHAD ("CSCENIC" OR "COMPANY") ("CSCENIC SHARE(S)" OR "SHARE(S)") THROUGH BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IN ACCORDANCE WITH SECTION 127(1) OF THE COMPANIES ACT, 2016 ("ACT") ("PROPOSED SHARE BUY-BACK")**

Ordinary Resolution 7

"THAT subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Board of Directors of CScenic ("**Board**") be and is hereby authorised to purchase the Company's Shares as may be determined by the Board from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit, necessary and expedient in the interest of the Company, provided that:

- (a) the maximum number of Shares which may be purchased by the Company shall not exceed 10% of the total issued Shares at any point in time;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the total retained profits of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall continue to be in force until:
 - (i) the conclusion of the next annual general meeting ("**21st AGM**") of the Company following the 20th AGM, at which such resolution was passed at which time the said authority will lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (ii) the expiration of the period within which the 21st AGM of the Company after that date is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

Notice of Annual General Meeting (cont'd)

THAT upon completion of the purchase by the Company of its own Shares, the Board be and is hereby authorised to deal with the Shares so purchased ("**Purchased Shares**") in their absolute discretion in the following manner:

- (a) to cancel the Purchased Shares;
- (b) to retain the Purchased Shares as treasury shares for:
 - (i) distribution to the shareholders of CScenic as share dividends;
 - (ii) resale through Bursa Securities in accordance with the relevant rules of Bursa Securities;
 - (iii) transfer under employees' share scheme or as purchase consideration;
 - (iv) cancellation subsequently; or
 - (v) sale, transfer or otherwise use for such other purposes as may be prescribed by the relevant authorities; or
- (c) to retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares.

AND THAT the Board be and is hereby authorised to take all such steps as necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Board may in their absolute discretion deem necessary and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

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

BY ORDER OF THE BOARD,

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

Kuala Lumpur

19 April 2023

Notice of Annual General Meeting (cont'd)

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
4. In the case of a corporate member, the instrument appointing the proxy shall be given under its Common Seal or under the hand of a duly authorised officer or attorney and supported by a notarially certified copy of that power or authority.
5. The Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **at G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than 24 hours before the time appointed for the holding of the Twentieth (20th) AGM or any adjournment thereof.
6. Only members whose names appear on the Record of Depositors as at 16 May 2023 ("General Meeting Record of Depositors") shall be entitled to attend, speak or vote at this AGM or appoint proxy(ies) to attend and/or vote in his/her behalf.
7. All the Resolutions set out in this Notice will be put to vote by poll.

Explanatory Notes on Special Business

1. Item 1 of the Agenda

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

2. Ordinary Resolutions 3 and 4 - Re-election of Directors

The Nomination and Remuneration Committee ("NRC") has considered the performance and contribution of each of the retiring Directors, namely Datuk Iskandar Bin Sarudin and Ms Ooi Youk Lan and has also assessed the independence of the Independent Non-Executive Director standing for re-election.

Based on the results of the evaluation on the effectiveness of the Board conducted for the financial year ended 31 December 2022, Datuk Iskandar Bin Sarudin (who had confirmed his independence) and Ms Ooi Youk Lan were found to possess the character, required mix of skills, experience, expertise, integrity, competence and time to effectively discharge their role as directors as well as the right business knowledge to contribute towards the growth of the Company.

In addition, Datuk Iskandar Bin Sarudin, through his past working experience, possesses broad perspective in various capacities which is beneficial for the Group's business expansion and development. The NRC is also of the view that Datuk Iskandar, being the Board Chairman, has been leading the Board effectively and adequately and had discharged his duties in corporate governance accountability, provided independent, impartial and unbiased views in ensuring the interest of the Company is protected.

Ms Ooi Youk Lan is well-experienced in the areas of audit, taxation, finance, accounting, treasury and corporate exercises. With her vast experience in financial industry and professional qualifications from the Association of Chartered Certified Accountant ("ACCA") and MIA, Ms Ooi is able to continue to contribute to the Company with meaningful views and opinions.

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business (Cont'd)

2. Ordinary Resolutions 3 and 4 - Re-election of Directors (Cont'd)

The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of Datuk Iskandar Bin Sarudin and Ms Ooi Youk Lan, who had abstained from deliberations and decisions on their respective re-election at the NRC and Board meetings.

The profiles of the retiring Directors are set out in the Profile of the Board of Directors on pages 5 and 8 of this Annual Report.

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

The proposed Ordinary Resolution 6 is a renewal of the previous year's general mandate and if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company without convening a general meeting.

The proposed Ordinary Resolution 6, if passed, shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 54 of the Company's Constitution and would allow the Directors of the Company to issue new shares to any person under the proposed general mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance which will result in a dilution to their shareholding percentage in the Company.

This authority unless revoked or varied at a general meeting will expire at the next AGM.

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

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

4. Ordinary Resolution 7 - Proposed Share Buy-Back

The proposed Ordinary Resolution 7, if passed will allow the Company to purchase its own shares up to a limit of 10% of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the total retained profits of the Company.

Please refer to the Share Buy-Back Statement dated 19 April 2023 for further information.

PERSONAL DATA PRIVACY

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

Notice of Annual General Meeting (cont'd)

STATEMENT ACCOMPANYING NOTICE OF TWENTIETH (20th) AGM

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

1. Directors who are standing for re-election at the 20th AGM

The profiles of the Directors who are standing for re-election at the 20th AGM are set out on pages 5 and 8 of this Annual Report. Details of their interests in the securities of CSCENIC are set out in the Analysis of Shareholdings and Analysis of Warrantholdings on pages 125 and 128, respectively of this Annual Report.

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

Details on the authority to issue and allot shares in CSCENIC pursuant to Sections 75 and 76 of the Companies Act 2016 are provided under the explanatory notes on special business in the Notice of the 20th AGM.

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PROXY FORM

CLASSIC SCENIC BERHAD

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

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

of _____
(FULL ADDRESS)

being a member/members of **CLASSIC SCENIC BERHAD** hereby appoint the following person(s) or failing whom, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twentieth (20th) Annual General Meeting of the Company to be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on Tuesday, 23 May 2023 at 10.00 a.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees to the Non-Executive Directors up to an amount of RM200,000/-, from 23 May 2023 until the conclusion of the next Annual General Meeting	<i>Ordinary Resolution 1</i>		
2.	Approval of Directors' benefits to the Non-Executive Directors up to an amount of RM30,000/-, from 23 May 2023 until the conclusion of the next Annual General Meeting	<i>Ordinary Resolution 2</i>		
3.	Re-election of Ms Ooi Youk Lan as Director (Clause 97)	<i>Ordinary Resolution 3</i>		
4.	Re-election of Datuk Iskandar Bin Sarudin as Director (Clause 97)	<i>Ordinary Resolution 4</i>		
5.	Re-appointment of Messrs KPMG PLT as Auditors	<i>Ordinary Resolution 5</i>		
6.	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016	<i>Ordinary Resolution 6</i>		
7.	Proposed Share Buy-Back	<i>Ordinary Resolution 7</i>		

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

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

Date _____

Signature of Shareholder _____

Notes:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. There shall be no restriction as to the qualification of proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- In the case of a corporate member, the instrument appointing the proxy shall be given under its Common Seal or under the hand of a duly authorised officer or attorney and supported by a notarially certified copy of that power or authority.
- The Form of Proxy must be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **at G Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**, not less than 24 hours before the time appointed for the holding of the Twentieth (20th) AGM or any adjournment thereof.
- Only members whose names appear on the Record of Depositors as at 16 May 2023 ("General Meeting Record of Depositors") shall be entitled to attend, speak or vote at this AGM or appoint proxy(ies) to attend and/or vote in his/her behalf.
- All the Resolutions set out in this Notice will be put to vote by poll.

PERSONAL DATA PRIVACY

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



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AFFIX
STAMP

SHARE REGISTRAR

CLASSIC SCENIC BERHAD

[Registration No. 200301031466 (633887-M)]

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

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CLASSIC SCENIC BERHAD

[Registration No. 200301031466 (633887-M)]

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