SWANG CHAI CHUAN LIMITED
雙 財 莊 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2321

ANNUAL REPORT
2023

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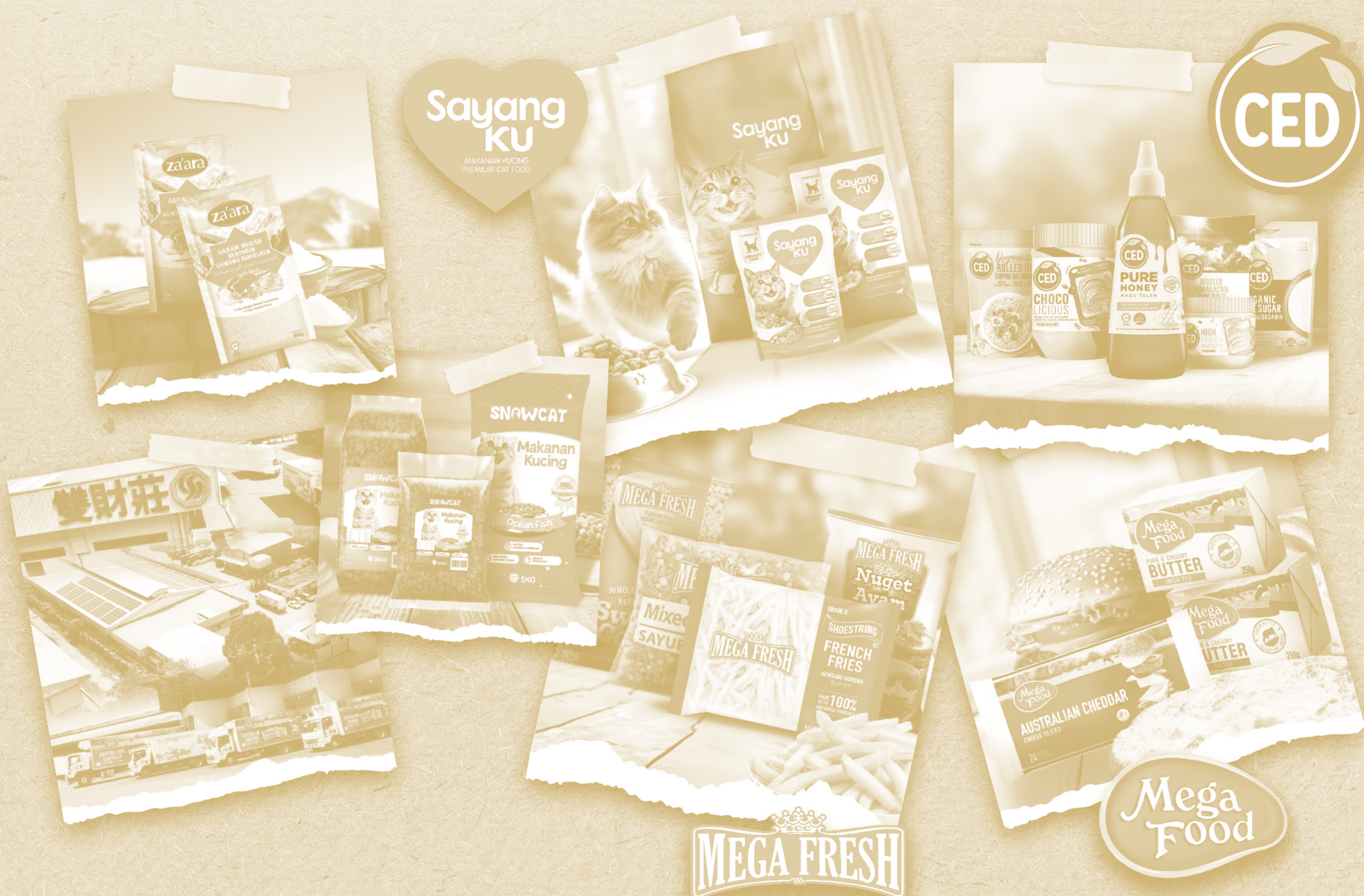


Sayang Ku
MAKANAN KUCING
PREMIUM CAT FOOD
CED
za'ara
SNOWCAT
Makanan Kucing
雙財莊
PURE HONEY
CHOCO LICIOUS
MEGA FRESH
FRENCH FRIES
AUSTRALIAN CHEDDAR
BUTTER
Mega Food

VISION, PURPOSE & CORE VALUES

VISION

To be the leading and trusted regional distributor for valued business partners through progressive and agile route to market services, professional customer management and operational excellence.

PURPOSE

Achieve purposeful sustainability that meet our stakeholders' expectation by embracing technology and innovation, talent capability and our core values.

MISSION

To be the catalyst that enrich the consumers' lives, everyday.

CORE VALUES

1. Act with integrity

   We uphold integrity in all aspect of our business activities.

2. Be inclusive

   We respect everyone and their opinion, for a safe and conducive workplace.

3. Relentless on innovation

   We pursue innovation relentlessly for creative solutions.

4. Winning together

   We synergise our efforts to aligned goals, celebrate togetherness and victories in unity.

BOARD OF DIRECTORS

Executive Directors

Mr. Soon See Beng *(Chairman)*
Mr. Soon Chiew Ang
Mr. Soon See Long

Independent Non-executive Directors

Mr. Khoo Chee Siang
Datuk Tan Teow Choon
Mr. Ngai Wah Sang
Ms. Tiong Hui Ling
Mr. Ooi Guan Hoe (resigned on 1 June 2023)

AUDIT COMMITTEE

Mr. Khoo Chee Siang *(Chairman)* (effective 1 June 2023)
Datuk Tan Teow Choon
Ms. Tiong Hui Ling (appointed on 1 June 2023)
Mr. Ooi Guan Hoe (resigned on 1 June 2023)

REMUNERATION COMMITTEE

Mr. Khoo Chee Siang *(Chairman)*
Datuk Tan Teow Choon
Ms. Tiong Hui Ling (appointed on 1 June 2023)
Mr. Ooi Guan Hoe (resigned on 1 June 2023)

NOMINATION COMMITTEE

Datuk Tan Teow Choon *(Chairman)*
Mr. Khoo Chee Siang
Ms. Tiong Hui Ling (appointed on 1 June 2023)
Mr. Ooi Guan Hoe (resigned on 1 June 2023)

AUTHORISED REPRESENTATIVES

Mr. Soon See Beng
Mr. Yeung Kwong Wai (appointed on 3 August 2023)
Mr. Lam Kwun Leung (resigned on 3 August 2023)

COMPANY SECRETARY

Mr. Yeung Kwong Wai *(HKICPA, AICPA, CFA)*
(appointed on 3 August 2023)
Mr. Lam Kwun Leung *(HKICPA)*
(resigned on 3 August 2023)

REGISTERED OFFICE

71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 147-A
Kawasan Perindustrian Semambu
25350 Kuantan
Pahang
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2201-2203, 22/F
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

JOINT AUDITORS

Mazars CPA Limited
Certified Public Accountants, Hong Kong
Registered Public Interest Entity Auditor
42nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Mazars LLP
Public Accountants and Chartered Accountants of Singapore
135 Cecil Street
#10-01
Singapore 069536

CORPORATE INFORMATION

PRINCIPAL BANKERS

CIMB Bank Berhad
13th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50740 Kuala Lumpur
Malaysia

CIMB Islamic Bank Berhad
Level 19, Menara Bumiputra-Commerce
11 Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

COMPLIANCE ADVISOR

Sunny Fortune Capital Limited
2101 Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

COMPANY WEBSITE

www.sccgroup.com.my

STOCK CODE

2321

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

A summary of the results, and of the assets, liabilities of Swang Chai Chuan Limited and its subsidiaries for the last five financial years, as extracted from the published audited consolidated financial statements or the prospectus of the Company dated 8 August 2022 (the "**Prospectus**") is set out below.

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	**2023 RM'000**
Revenue	497,435	564,632	668,738	835,906	**931,920**
Gross Profit	66,187	79,733	94,508	111,621	**110,342**
Profit for the year	17,658	18,797	23,588	26,787	**27,116**
Listing expenses	(28)	(3,188)	(4,974)	(7,026)	**–**
Profit for the year excluding listing expenses	17,686	21,985	28,562	33,813	**27,116**
Total assets	190,181	201,055	213,024	369,095	**349,063**
Total liabilities	100,187	114,481	102,837	156,168	**121,538**
Total equity	89,994	86,574	110,187	212,927	**227,525**

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Swang Chai Chuan Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the financial year ended 31 December 2023.

Amidst a challenging global landscape, I am proud to report that the Group has demonstrated resilience, agility and strong performance, reflecting our unwavering commitment to delivering long-term value to our shareholders.

We are pleased to report that the Group's revenue grew by approximately RM96.0 million or 11.5% from approximately RM835.9 million in 31 December 2022 to approximately RM931.9 million in 31 December 2023. This growth was achieved despite the challenging external environment, inflationary price impact and other disruptions. The increase in revenue was mainly due to the Group's persistent effort to seek growth through expansion of distribution. In 2022, we secured new distribution rights to north Peninsula Malaysia from an existing supplier of dairy products and we also secured distribution rights to distribute to retail channels in east Peninsula Malaysia from an existing supplier of sauce, oil and condiments and dairy products, which have a full year impact in 2023.

The Group recorded a profit for the year of approximately RM27.1 million for the year ended 31 December 2023 compared to RM26.8 million in 31 December 2022.

Going forward, the Group will continue to proactively expand our business by seeking new suppliers, investing in product development and enhancing warehouses capacity by acquiring new warehouses and seek out strategic acquisitions and investments. We will continue to expand our own brand into Indonesia and China.

Last but not least, I would like to express our sincere gratitude to our shareholders, customers, suppliers, business partners, bankers and employees for their trust and commitment to the Group that had resulted in the success as reflected in the strong growth in revenue and profit for the year. With such solid performance we are confident that the Group will continue to move forward and progress.

COMPANY BACKGROUND

The Group is a well-established food & beverage (the "**F&B**") distributor located in Malaysia. The Company distributes a great selection of products comprising more than 200 renowned international, domestic third-party and own brands. Apart from F&B products such as dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages and speciality products, we also provides non-F&B options, which include personal and baby care products, pet care and cleaning and kitchen supplies. Furthermore, the Group have a broad sales network which allows a high level of customer reach via hypermarket/supermarket chains, provision shops, convenience stores/kiosks, F&B dealers and merchandisers, hotels/restaurants/cafes and school canteens.

BUSINESS REVIEW AND PROSPECTS

As the world was undergoing the COVID-19 pandemic since the end of 2019, which had led to an increase in the demand of F&B products, the Company had to accelerate its business in 2020 by leasing 2 more warehouses located in Kuantan and Perai of Malaysia to satisfy the increased demand. By the end of 2023, the Company has a total of 9 self-owned and 4 leased warehouses strategically located all over Malaysia which contributed to an aggregate designated storage capacity of 30,900m^3. In addition, the Company also owns a fleet of 166 self-operated logistics vehicles which allow the Group to leverage the service quality to a more superior level.

Looking forward, we will continue to utilize our industry knowledge to expand our core strengths and target to explore more business opportunities, and also exercise careful cost control measures under high inflation business environment to enhance profit margin and maintain our competitiveness.

FINANCIAL OVERVIEW

Revenue

The Company's revenue is primarily generated from (i) the distribution and sales of fast-moving consumer goods ("**FMCG**") where majority are F&B products, and (ii) the provision of logistics services, warehousing services and others. For the year ended 31 December 2023 (the "**Reporting Period**"), the Group's revenue increased by approximately RM96.0 million or 11.5% from approximately RM835.9 million in 31 December 2022 (the "**Preceding Year**") to approximately RM931.9 million for the Reporting Period mainly due to the increase in distribution revenue from third party brands amounting to approximately RM92.6 million. The increase in revenue from third party brands is mainly attributed to dairy products, sauce, oil and condiments and frozen food with increase of approximately RM113.4 million mainly as a result of (a) securing distribution rights to north Peninsula Malaysia from an existing supplier of dairy products, and (b) securing distribution rights to distribute to retail channels in east Peninsula Malaysia from an existing supplier of sauce, oil and condiments and dairy products, which have a full year impact in 2023.

Gross Profit

The gross profit margin decreased to approximately 11.8% in the Reporting Period as compared to approximately 13.4% in the Preceding Year. The decrease in the gross profit margin was due to the result of competitive price strategy to capture market share, inflationary price increase of products that we were not yet able to fully pass on to the customers and the lower margins from securing two new distribution rights described in the above section.

Other income

Other income mainly consists of interest income, sundry income, and others. Other income increased by approximately RM3.4 million or 103.0%, from approximately RM3.3 million in the Preceding Year to approximately RM6.7 million in the Reporting Period mainly on the reversal of loss allowance of trade receivables on recovery of overdue debts which have been fully provided in the previous years and interest received from fixed deposit.

Selling and distribution expenses

Selling and distribution expenses primarily comprise of (i) staff cost, (ii) transportation expenses, (iii) vehicle maintenance expenses, (iv) marketing and advertising expenses, and (v) others. Selling and distribution expenses increased by approximately RM5.1 million or 10.7%, from approximately RM47.7 million in the Preceding Year to approximately RM52.8 million in the Reporting Period which was mainly due to the increase in (a) salaries and wages, and (b) vehicle maintenance expenses, transportation and storage expenses as a result of the increase in revenue of approximately 12% mentioned above.

Administrative and other operation expenses

Administrative and other operating expenses primarily comprise of (i) staff costs which include Directors' remuneration, (ii) utility expenses, (iii) provision for loss allowances of trade receivables, (iv) depreciation, (v) foreign exchange gain/losses, (vi) professional fees, and (vii) others. Administrative and other operating expenses increased by approximately RM5.9 million or 30.9%, from approximately RM19.1 million in the Preceding Year to approximately RM25.0 million in the Reporting Period primarily due to professional fees necessarily incurred subsequent to the Initial Listing, provision of doubtful debts and bad debts written off.

Finance costs

Finance costs mainly represent interest on interest-bearing borrowings and interest on lease liabilities. The Company's finance costs increased by approximately RM0.8 million or 53.3% from approximately RM1.5 million in the Preceding Year to approximately RM2.3 million in the Reporting Period. The increase in finance costs was mainly due to the increase in interest rates during the Reporting Period by Bank Negara Malaysia in tandem with the Federal Reserve Board to fight inflation and increase in short term borrowings to finance the increase in purchases during the year ended 31 December 2023.

Income tax expenses

Income tax expenses primarily consist of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in Malaysia. No provision for Hong Kong profit tax has been made as the Group has no assessable profits arose in or derived from Hong Kong. The Group entities established in the Cayman Islands and the British Virgin Islands are exempted from Cayman Islands/British Virgin Islands corporate income tax. Income tax expenses for the Reporting Period decreased by approximately RM3.2 million or 25.0% to approximately RM9.6 million from approximately RM12.8 million in the Preceding Year. The decrease in income tax expenses was mainly due to the decrease in profit before tax generated in the Reporting Period and the higher non-deductibility of certain expenses, namely listing expenses in the Preceding Year.

Profit for the Reporting Period and net profit margin

As a result of the foregoing, the Group recorded a profit for the year of approximately RM27.1 million in the Reporting Period and RM26.8 million in the Preceding Year. The net profit margin of the Group declined to 2.9% in the Reporting Period from 3.2% in the Preceding Year mainly due to the decline in gross profit margin as explained above.

OTHER INFORMATION

Use of proceeds from the initial listing

On 19 August 2022 (the "**Listing Date**"), the shares of the Company (the "**Share**") were listed on the Main Board of the Stock Exchange through an issuance of 241,000,000 shares at the offer price of HK$0.56 per Share (the "**Share Offer**") for a gross proceeds of approximately HK$135.0 million in accordance with the proposed application set out in the section headed "Net Proceeds From The Global Offering" in the announcement of offer price and allotment result dated 18 August 2022.

On 9 September 2022, the over-allotment options was fully exercised and the Company issued 36,150,000 shares additional new shares at HK$0.56 each to cover the over-allocations in the international offering and with a gross proceeds of approximately HK$20.2 million.

After deducting share issuance expense and professional fee regarding to the Share Offer, the net proceeds amounted to approximately HK$105.2 million. Utilisation of the proceeds (adjusted on pro rata basis based on the actual net proceeds) on as at 31 December 2023 are as per followings:

Business Objectives	**Planned use of net proceeds** HK$ million	**Actual use of proceeds as at 31 December 2023** HK$ million	**Balance of unutilised proceeds as at 31 December 2023** HK$ million	**Expected timeline for unutilised proceeds**
Further enhancement to distribution and sales capabilities	50.3	10.5	39.8	December 2024
Development in Own Products business	19.0	6.9	12.1	December 2024
Development in e-commerce mobile platform	7.3	0.4	6.9	December 2024
Strategic acquisitions and investments	18.1	2.9	15.2	December 2024
General working capital	10.5	10.5	–	NA
	105.2	31.2	74.0	

The utilisation of proceeds is slower than expected as the Group (1) is in the preliminary stage of acquiring a land and to build a warehouse in Klang, Selangor; (2) actively looking for strategic investments but many were not suitable; (3) at various stages in the selection of the right vendors for marketing and at the same time planning the right marketing activities based on current market conditions.

We will continuously evaluate, reassess, change or modify the existing plans and explore new business opportunities after taking into consideration the latest market condition with an aim to achieve sustainable business growth and to bring long-term benefits for the shareholders of the Company (the "**Shareholders**").

As at 31 December 2023, the net proceeds of approximately HK$74.0 million had not yet been utilised as planned (the "**Unutilised Net Proceeds**"), but is expected to be utilised during the financial year ending 31 December 2024. All the Unutilised Net Proceeds have been placed in licensed banks in Hong Kong and Malaysia.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations primarily through bank borrowings and internal resources. Following the completion of the Share Offer in August 2022, the net proceeds from the Share Offer are expected to provide additional funds for future cash requirements. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements.

As at 31 December 2023, the Group's net current assets were approximately RM189.3 million (31 December 2022: approximately RM169.5 million). The Group's cash and cash equivalents as at 31 December 2023 were approximately RM45.2 million (31 December 2022: approximately RM23.0 million).

As at 31 December 2023, there were bank borrowings of approximately RM49.7 million bearing weighted average effective interest rate of approximately 4.00% per annum (31 December 2022: approximately RM63.3 million bearing weighted average effective interest rate of 3.61% per annum).

As at 31 December 2023, the Group had a total available banking facilities of approximately RM122.8 million, of which approximately RM34.0 million was utilized and approximately RM88.8 million was unutilized and available for use.

GEARING RATIO

As at 31 December 2023, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Company was approximately 24.1% (31 December 2022: approximately 35.0%). The decrease in gearing ratio is primarily attributable to the increase in equity base partially offset by the effect of decrease in bank borrowing.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 840 full-time employees (31 December 2022: 779) in Malaysia. The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance, qualifications, competence displayed and market comparable of each employee. The Group provides ample career development opportunities and training supports to new employees. During the Reporting Period, the Group has not experienced any significant problems with its employees save as those arising from ordinary course of business or disruption to the operations due to labour disputes, nor has the Group experienced any difficulties in the recruitment and retention of staff.

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign currency risk which refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's transactions are mainly denominated in RM. Certain financial assets and liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. As at 31 December 2023, the Group had outstanding foreign currency forward contract to sell approximately RM0.4 million buy approximately Euro 0.07 million (31 December 2022: sell approximately RM1.1 million buy approximately Euro 0.3 million), sell approximately RM3.1 million buy approximately Australian dollars ("**AUD**") 1.0 million (31 December 2022: sell approximately RM7.0 million buy approximately AUD2.4 million) and sell approximately RM0.5 million buy approximately Thai Baht 3.6 million (31 December 2022: nil). The Group closely monitors the movement of the foreign currency rates and its foreign currency risks. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations during the Reporting Period.

PLEDGE OF ASSETS

As at 31 December 2023 and 2022, the (i) interest-bearing borrowings and (ii) lease liabilities of the Group are secured by certain assets of the Group which are set out in Notes 21 and 22 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 December 2023 and 2022, the Group did not have any material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this annual report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group had no specific plan for material commitments or capital assets as at 31 December 2023.

EXECUTIVE DIRECTORS

Mr. Soon See Beng ("SB Soon"), aged 54, was appointed as a Director on 14 February 2019 and was redesignated as an Executive Director, Chief Executive Officer and Chairman of the Board on 25 January 2021. He is responsible for the overall business strategic direction, planning, management and operation of the Group.

He has accumulated over 30 years of experience in the F&B distribution industry. After completing his secondary education in 1988, he began working in Swang Chai Chuan, a sole proprietorship established by his father, Mr. Soon Tian Ong in Malaysia, which principally engaged in the F&B distribution of groceries. In March 1995, he co-founded Swang Chai Chuan Sdn. Bhd. with Ms. Soon Lee Shiang and his father to take up the business of Swang Chai Chuan, and has been the managing director of SCCSB since February 2002. He led the Group in the expansion of its businesses which includes amongst others the distribution of seafood and frozen food products.

Note: SB Soon is the brother of Mr. Soon Chiew Ang and Mr. Soon See Long who are both the Executive Directors of the Company.

Mr. Soon Chiew Ang ("CA Soon"), aged 47, was appointed as an Executive Director of the Group on 25 January 2021. He is responsible for overseeing the operation and sales management of the Group. He has accumulated over 20 years of experience in the F&B distribution industry.

Mr. Soon Chiew Ang obtained his Bachelor of Arts Degree with major in Marketing in June 1999 and his Master's Degree in Business Administration in July 2001, both from the University of Hertfordshire.

Prior to joining the Group in 2000, he worked as a management trainee in Kawaguchi Manufacturing Sdn. Bhd., a manufacturer of plastic parts and components, from July 1999 to August 1999. He has been responsible for strategic growth, key account management and co-founded SCCM and SCC Logistics together his siblings.

Note: CA Soon is the brother of Mr. Soon See Beng and Mr. Soon See Long who are both the Executive Directors of the Company.

Mr. Soon See Long ("SL Soon"), aged 50, was appointed as an Executive Director of the Group on 25 January 2021. He is responsible for overseeing the operation and sales management of the Group. He has accumulated over 30 years of experience in the F&B distribution industry.

After completing his secondary education, he began working in Swang Chai Chuan. Mr. Soon See Long is mainly responsible for the growth of frozen food and food service business.

Note: SL Soon is the brother of Mr. Soon Chiew Ang and Mr. Soon See Beng who are both the Executive Directors of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Khoo Chee Siang ("Mr. Khoo"), aged 47, was appointed as an Independent Non-executive Director of the Group in July 2022. He is the Chairman of both the Audit Committee and Remuneration Committee and a member of the Nomination Committee.

Mr. Khoo obtained a Certificate and Diploma in Accounting issued by the London Chamber of Commerce and Industry Examination Board in 1996 and 1997, respectively and has been a Chartered Accountant of the Malaysian Institute of Accountants since 2003. He became a member of the Association of Chartered Certified Accountants in May 2003 and has been a fellow member of the Association since May 2008.

Mr. Khoo has more than 20 years of experience in corporate finance and business advisory. He started his career as an auditor with an audit firm, Morison Anuarul Azizan Chew & Co., and his last held position was as a senior audit officer. He then joined Anuarul Azizan Chew Consulting Sdn. Bhd., a corporate advisory company, as a senior consultant. Subsequently, he joined Finmart Alliance Sdn, Bhd, a corporate advisory company, as an associate director and was in charge of corporate finance and business advisory services.

From December 2008 to December 2016, Mr Khoo served as the executive director of UHY Advisory (KL) Sdn Bhd, a financial and corporate advisory company. He was subsequently appointed in March 2017 as an executive director of SCH Group Berhad (now known as Hextar Industries Berhad, a company listed on Bursa Malaysia (stock code: 5151)) and later was re-designated as a non-executive non-independent director in December 2018 until he resigned from directorship in December 2019. Since December 2018, he joined Eco Asia Capital Advisory Sdn. Bhd., a corporate finance advisory firm licensed by the Securities Commission Malaysia, as the managing director, to develop and execute business strategies and oversee the financial performance of the company.

Datuk Tan Teow Choon ("Datuk Tan"), aged 66, was appointed as an Independent Non-executive Director of the Group in July 2022. He is also the Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee.

Datuk Tan obtained his Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom in 1981. He then obtained his Master of Science Degree in Business Administration from the Boston University in May 1984.

He started his career in 1987, where he joined Fonterra Brands (Malaysia) Sdn. Bhd., a company engaging in the merchandising and supply of dairy products, and his last held position was as a General Manager in 2000. Subsequently, he then joined Yeo Hiap Seng (Malaysia) Berhad as the Managing Director, from March 2000 to October 2003, where he was mainly responsible for overseeing the strategic planning and business operations of the company. Since August 2007, Datuk Tan has been the Director of Viva Global Sdn. Bhd., an investment company in F&B, education, healthcare and biotechnology. Later on, he was appointed as the Chief Executive Officer of RB Biotech Sdn. Bhd., from 2009 to 2015.

Datuk Tan had been the honorary advisor of the Malaysia-China Chamber of Commerce (MCCC) from 2013 to 2019 and The Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCCIM) from September 2014 to July 2018. In addition, he has been the treasurer of the United Nations Association of Malaysia since 2018.

Mr. Ngai Wah Sang ("Mr. Ngai"), aged 65, was appointed as an Independent Non-executive Director of the Group in July 2022.

Mr. Ngai obtained his Bachelor's Degree in Science from the University of London in the United Kingdom. He is a fellow of Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants.

Mr. Ngai has broad experience in auditing, accounting, financial management and dealing with business development and investments. Mr. Ngai has been appointed as an independent non-executive director for Tian An China Investments Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 28) since September 2004.

Mr. Ngai served an independent non-executive director of Alpha Professional Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 948) during the period from October 2020 to March 2023.

Ms. Tiong Hui Ling ("Ms. Tiong"), aged 50, was appointed as an Independent Non-executive Director of the Group in July 2022. She is a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

Ms. Tiong obtained her Bachelor of Laws Degree from the Staffordshire University in the United Kingdom in July 1996. She later obtained her Practising Certificate from the Legal Professional Qualifying Board, Malaysia in October 1998. She was then admitted as an Advocate and Solicitor in the High Court of Malaya in November 1999 but ceased to practice as a lawyer in July 2008.

Ms. Tiong has more than 20 years of legal-related experience. She practiced as a lawyer with SK Yeoh & Partners from November 1999 to August 2007. In September 2007, she joined TH Group Sdn. Bhd. and subsequently transferred to its wholly owned subsidiary THG Corporation Sdn. Bhd. in March 2016, and her last position held was Assistant General Manager of Group Legal & Company Secretary before she left in December 2019. She then joined JIS Malaysia Sdn. Bhd., as a consultant providing corporate and business advisory services on an ad hoc basis. Since September 2020, she has been a consultant at Pasadena California Burger Sdn. Bhd., providing corporate and business process advisory services on an ad hoc basis.

SENIOR MANAGEMENT

Mr. Ooi Guan Hoe ("Mr. Ooi"), aged 49, is our Chief Financial Officer. He joined the Group as Independent Non-Executive Director in July 2022 and was re-designated to Chief Financial Officer in June 2023 and is primarily responsible for the finance function and human resource of the Group.

Mr. Ooi graduated from Universiti Putra Malaysia in August 1999 with a Bachelor's Degree in Accountancy. In June 2011, Mr. Ooi completed an Executive Education Programme co-organised by the Harvard Business School and the Tsinghua University and obtained a Certificate in Private Equity and Venture Capital – China. He is also a member of the Malaysian Institute of Accountants since July 2002.

In 1999, he started his career in Arthur Andersen Malaysia as Audit Assistant. He left Arthur Andersen Malaysia in 2002 to join CIMB Investment Bank Berhad as Executive in the corporate finance department. He left CIMB Investment Bank Berhad in 2009 as a Senior Manager. From 2010 to 2018, he was Director and Management Board member of various public listed companies in Malaysia and Germany. He was the Chief Financial Officer of MOG Holdings Limited, which is listed on the Stock Exchange from January 2019 to March 2022.

Currently, Mr. Ooi serves as an independent non-executive director for two (2) companies listed on Bursa Malaysia, namely Techbond Group Berhad (stock code: 5289) since January 2018 and TCS Group Holdings Berhad (stock code: 0221) since May 2019.

Mr. Teh Mun Ning ("Mr. Teh"), aged 51, is our Sales Director. He joined the Group in September 2023 and he is responsible for the management of sales, purchasing of finish goods and trade marketing, sales strategies planning, trade spend control and suppliers' relations.

He finished his secondary and continue with Diploma of Chartered Institute of Marketing in 1994. Mr Teh has more than 30 years of experience in business development and sales and he has served managerial position in a number of companies prior to joining the Group. He started his career with CPC/AJI (M) Sdn Bhd as Key Account Executive and subsequently move on to Unilever Holding (M) Sdn Bhd as Regional Sales Manager. After that, he joined Disposable Soft Goods (M) Sdn Bhd as National Modern Trade Sales Manager. Prior to joining our group, he was the Head of Sales in Oji Asia Household Product Sdn Bhd (Oji Holding) from January 2018 to August 2023.

Ms. Chan Yim Cheng ("Ms. Chan"), aged 47, is our Operation and Information System Senior Manager. She joined the Group in September 2007 and is primarily responsible for overseeing administration, information system, logistics and inventory management of the Group.

Ms. Chan obtained a Diploma in Business Administration and an Advanced Diploma in Business Administration in December 1996 and June 1997, respectively from The Association of Business Executives, United Kingdom. She became an associate member of The Association of Business Executives in the United Kingdom in April 1997. Later on, she obtained her Bachelor of Arts Degree in Business Administration from the University of Northumbria in the United Kingdom in March 2000.

Ms. Chan has over 20 years of experience in managing business operations and administrations in Malaysian companies. She started her career as an accounts and administrative assistant at Success Resources Slipguard Sdn. Bhd. from July 1997 to September 1998. She then worked in SCCSB as an account executive from May 2000 to February 2005. From March 2005 to September 2007, she worked as sales and marketing officer at Nippon Precision Technology (Malaysia) Sdn. Bhd. (now known as Vega Precision Technology (Malaysia) Sdn. Bhd.), where she was responsible for management of sales orders, generating sales forecasts and handling quality assurance audit matters.

COMPANY SECRETARY

Mr. Yeung Kwong Wai (楊光偉) ("Mr. Yeung"), aged 50, was appointed as a company secretary of our Company (the "**Company Secretary**") on 3 August 2023. Mr. Yeung is a director of corporate services of Ascent Corporate Services Limited and is responsible for assisting listed companies in professional corporate secretarial work. He has over 24 years of auditing, accounting, financial management and corporate governance experience. Mr. Yeung graduated in Canada in October 1997 with a major in accounting. He is a Certified Public Accountant (Practising) of Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. He is also a chartered financial analyst charterholder.

CORPORATE GOVERNANCE PRACTICE

The Board of Directors (the "**Board**") of the Company is committed to designing and maintaining robust corporate governance and effective internal controls system for the Group, which are essential to enhancing corporate value and accountability, formulating business strategies, developing sustainable operations, enhancing transparency and safeguarding Shareholders' interests.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. In the opinion of the Directors except for the deviation from code provisions C.2.1 and C.6.1 of the Corporate Governance Code as explained below, we have complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

Details of the corporate governance practices adopted by the Company are set out below.

ENVIRONMENTAL POLICIES AND PERFORMANCE

In 2023, in order to implement the requirements of the Environmental, Social and Governance ("**ESG**") Reporting Guide in Appendix C2 of the Listing Rules, the Company has given priority to organizing and arranging relevant preparation and disclosure, and the Company's ESG Report for the FY2023 are set out in the "sustainability report" on page 56 of this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), as set out in Appendix C3 to the Listing Rules, as its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code throughout the Reporting Period.

As far as the Group is aware, the Directors and Senior Management of the Group have not breached the required standard and the code of conduct regarding Director's securities transactions.

BOARD OF DIRECTORS

Responsibilities of and Delegation by the Board

The Board, acting in the interest of the Group and its Shareholders, is primarily responsible for strategy formulation, business development, corporate governance, risk management, compliance, internal control systems, Dividend Policy, Board Diversity Policy, Shareholders' relationship, accounting policies and financial statements, and other functions and matters assigned to the Board as set out in the Listing Rules and Articles of Association of the Company.

The Board delegates the daily operational management of the Group's business, execution of business development plan, administrative and operational duties and the implementation of risk management and internal controls to the Chief Executive Officer and other senior management of the Group. The Board also conducts regular reviews of the functions and performance of the management. The management of the Group will obtain the approval of the Board before entering into and arranging any significant transaction/contract.

Independent Non-executive Directors

As at the date of this annual report, the Group has complied with the relevant Listing Rules regarding (i) appointment of at least three non-executive directors, among whom at least one independent non-executive director has appropriate professional qualifications or accounting or related financial management expertise; (ii) independent non-executive directors account for at least one-third of the board of directors; and (iii) independent non-executive directors is majority in the Audit Committee of the Group and the chairman of the committee is an independent non-executive director.

As at the date of this annual report, each Independent Non-executive Director has made an annual independence confirmation, and the Board is satisfied that all Independent Non-executive Directors are independent and comply with the independence guidelines of the Listing Rules.

There are mechanism established to ensure independent views and input are available to the Board, which has covered the following aspects:

- Independent Non-executive Director's recruitment process;
- number of Independent Non-executive Director and their time contribution;
- assessment or evaluation of Independent Non-executive Director's contribution;
- other channels where independent views are available.

The Board reviews the implementation and effectiveness of the mechanism on an annual basis.

The Company has arranged appropriate liability insurance in respect of relevant legal actions against the Directors.

Board Composition

As at 31 December 2023 and up to the date of this annual report, the Board is comprised of seven members, with three Executive Directors, four Independent Non-executive Directors, as set out below:

Executive Directors:

1. Mr. Soon See Beng *(Chairman & Chief Executive Officer)*
2. Mr. Soon Chiew Ang
3. Mr. Soon See Long

Independent Non-executive Directors:

4. Mr. Khoo Chee Siang
5. Datuk Tan Teow Choon
6. Mr. Ngai Wah Sang
7. Ms. Tiong Hui Ling

Detailed biographical information of all Directors is contained in the Directors and Senior Management section on page 13.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors and the Chief Executive Officer of the Company.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairperson and the chief executive officer should be separate and should not be performed by the same individual. Mr. Soon See Beng currently holds both positions. Mr. Soon See Beng has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. Taking into account the continuation of the implementation of our business plans, the Directors (including the Independent Non-executive Directors) consider Mr. Soon See Beng as the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the Board of the Directors, which comprises experienced and high-calibre individuals. The Board currently comprises three (3) Executive Directors (including Mr. Soon See Beng) and four (4) Independent Non-executive Directors and therefore has a fairly strong independence element in its composition.

Number of Meetings and Directors' Attendance

Regular Board Meetings are held at least four times a year at approximately quarterly intervals for reviewing the Group's financial and operating performance, discussing and approving annual and interim results and considering and approving the overall strategies of the Company. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles.

During the Reporting Period, the Company had held one annual general meeting ("**AGM**"), one extraordinary general meeting ("**EGM**"), five Board meetings, three Audit Committee meetings, one Remuneration Committee meeting and one Nomination Committee meeting. Details of the attendance of Directors are as follows:

	Number of meetings attended/held during the Reporting Period					
				Board Committees		
Name of Directors	**AGM**	**EGM**	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Numbers of meetings held during the Reporting Period	1	1	5	3	1	1
Executive Directors						
Mr. Soon See Beng *(Chairman)*	1/1	1/1	5/5	3/3	1/1	1/1
Mr. Soon Chiew Ang	1/1	1/1	5/5	3/3	1/1	1/1
Mr. Soon See Long	0/1	1/1	5/5	3/3	1/1	1/1
Independent Non-executive Directors						
Mr. Khoo Chee Siang	1/1	1/1	5/5	3/3	1/1	1/1
Datuk Tan Teow Choon	1/1	1/1	5/5	2/3	1/1	1/1
Mr. Ngai Wah Sang	1/1	1/1	5/5	N/A	N/A	N/A
Ms. Tiong Hui Ling	1/1	0/1	5/5	1/1	N/A	N/A
Mr. Ooi Guan Hoe (resigned on 1 June 2023)	N/A	N/A	1/1	2/2	1/1	1/1

The Company Secretary is also the company secretary of Board Committees and is responsible for maintaining full minutes of the above meetings which are open for inspection at any reasonable time on reasonable notice by any of our Directors.

Practice and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance. At least 14 days' notice will be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Board committee meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the Company Secretary at the meetings and open for inspection by the Directors.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Appointment and Re-election of Directors

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles, and may be terminated by either party upon a three-month prior written notice.

The Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with Article 112, any Director appointed by the Board as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Each of the Independent Non-executive Directors has entered into an appointment letter with the Company. The appointment letter of each of the Independent Non-executive Directors is for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles. Details of the appointment letters are summarised in the Report of the Board of Directors on page 48 of this annual report.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. All three Board Committees are established, empowered and accountable for duties under relevant terms of references which are available on the Company's and the Stock Exchange's website.

All Directors (including Independent Non-executive directors) bring valuable business experience, knowledge and expertise from different areas to the Board facilitating it to operate efficiently and effectively. All Directors have full and timely access to all information of the Group and to the services and advice of the Company Secretary and senior management. The Directors may, where appropriate, seek independent professional advice for performing their duties of the Group, at the expense of the Group. Directors shall disclose the details of their other duties to the Group and the Board of Directors regularly reviews the contributions of the Directors in the discharge of their duties with the Group.

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Required Standard of Dealings by Directors of securities transactions, as well as the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

Audit Committee

The Board has established our Audit Committee on 14 July 2022 in compliance with the code provision of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Khoo Chee Siang, Datuk Tan Teow Choon and Ms. Tiong Hui Ling. Mr. Khoo Chee Siang is the chairman of the Audit Committee and he has professional qualifications and experience in accounting and financial management as stipulated in the Listing Rules.

The Audit Committee's terms of reference in writing was adopted by the Company pursuant to the Board Resolution passed on 14 July 2022. The terms of reference requires that the Audit Committee must hold meetings twice a year and the necessary quorum shall be at least two.

The main responsibilities of the Audit Committee include, but not limited to:

1. make recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor; review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process;

2. review of financial information of the Group, including changes in accounting policies and practice, major judgemental areas, going concern consideration, compliance with accounting standards and listing rules in relation to financial reporting;

3. oversight of the Company's financial reporting system, including review of the adequacy of resources, qualifications and experience of accounting staff, and their training programmes and budget of the Company's accounting and financial reporting function;

4. review and monitor the effectiveness and adequacy of the Group's risk management and internal control measures; ensure that the internal audit function is adequately resourced and has the appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function; and

5. regularly report observations and make recommendations to the Board (if any).

   The Audit Committee also acts as the Corporate Governance function of the Group, and is mainly responsible for:

   - developing and reviewing the corporate governance policies and practices of the Company and making recommendations to the Board;

   - reviewing and monitoring the training and continuous professional development of directors and senior management;

   - reviewing and monitoring the policies and practices on compliance with legal and regulatory requirements;

   - developing, reviewing and monitoring the code of conduct applicable to employees and directors; and

   - reviewing the Company's compliance with the CG Code set out in Appendix C1 of the Listing Rules and disclosure in the Corporate Governance Report.

During the Reporting Period, the Audit Committee has held three meetings. The attendance of the members is detailed on page 21. The following matters were dealt with at the said meetings:

(i) to review the consolidated financial statements for the year ended 31 December 2022 and the annual results announcement;

(ii) to review the Group's interim financial results and report for the six months ended 30 June 2023 and the interim result announcement;

(iii) reviewing the significant audit and accounting issues arising from the external auditor's audit;

(iv) considering the appointment of the external auditor and their audit fees;

(v) to review the risk management and internal control systems;

(vi) to review the development in accounting standard and the Group's responses, including the preparation for adoption of International Financial Reporting Standards; and

(vii) The Audit Committee also met with the external auditors once during the Reporting Period.

The Audit Committee has reviewed the consolidated financial statements and the Group's annual results for the Reporting Period. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

Remuneration Committee

The Board has established our Remuneration Committee on 14 July 2022 in compliance with the code provision of the Corporate Governance Code set out in Appendix C1 of the Listing Rules.

The Remuneration Committee consists of three members, namely Mr. Khoo Chee Siang, Ms. Tiong Hui Ling and Datuk Tan Teow Choon. The Remuneration Committee is chaired by an Independent Non-executive Director, Mr. Khoo Chee Siang and consisted of a majority of Independent Non-executive Directors as stipulated in the listing rules.

The Remuneration Committee's terms of reference in writing was adopted by the Company pursuant to the Board Resolution passed on 14 July 2022; and amended on 30 December 2022. The terms of reference requires that the Remuneration Committee must hold meeting at least once a year and the necessary quorum shall be at least two.

The Company adopts the remuneration committee model set out in code provision E.1.2 (c)(i) of Appendix C1 of the Listing Rules. Accordingly, the Remuneration Committee is responsible for making recommendations to the Board regarding the Company's remuneration policy. It has the delegated responsibility for the formulation, determination and review of the remuneration packages of Directors and Senior Management. In evaluating the remuneration packages for Directors and Senior Management, the Remuneration Committee takes into consideration of various factors such as salaries paid by comparable companies, time commitment, responsibilities and employment terms elsewhere in the Group. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and Senior Management.

The main responsibilities of the Remuneration Committee include, but not limited to:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- determining the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payment;
- reviewing and approving performance-based remuneration and discretionary bonus;
- considering and approving the grant of share options and share appreciation rights to eligible participants;
- ensuring that no Director can solely determine his/her own remuneration; and
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee has held one meeting to review the remuneration of Executive Directors and senior management, and make recommendations to the Board on the remuneration of each Directors and senior management. The attendance of the members is detailed on page 21.

Remuneration of Directors and Senior Management

Particulars of the remuneration of the Directors for the Reporting Period are set out in Note 7 to the consolidated financial statements. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the three senior management, whose particulars are contained in the section headed "Directors and Senior Management" in this annual report, by band is set out below:

Remuneration band (in HK$)	Number of Individuals
Nil to HK$1,000,000	3

Nomination Committee

The Board has established our Nomination Committee on 14 July 2022 in compliance with the code provision of the CG Code set out in Appendix C1 of the Listing Rules.

The Nomination Committee consists of three members, namely Datuk Tan Teow Choon, Ms. Tiong Hui Ling and Mr. Khoo Chee Siang. It is chaired by Datuk Tan Teow Choon and consisted of a majority of Independent Non-executive Directors as stipulated in the Listing Rules.

The Nomination Committee's terms of reference in writing was adopted by the Company pursuant to the Board Resolution passed on 14 July 2022. The terms of reference requires that the Nomination Committee must hold meeting at least once a year and the necessary quorum shall be at least two.

The main responsibilities of the Nomination Committee include, but not limited to:

- reviewing the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually or when necessary;
- identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the Independent Non-executive Directors and any proposed independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors;
- reviewing the Board Diversity Policy, as appropriate and making recommendations on any required changes to the board for consideration; and
- reviewing the measurable objectives under the Board Diversity Policy and the progress of the attainment of the objectives, so as to ensure effective implementation and make disclosure of its review results.

Nomination Policy

The Board has adopted a Nomination Policy setting out the selection criteria and procedures to select and recommend suitable candidates for directorship. Following this Nomination Policy, the Nomination Committee is required to consider a variety of factors in assessing the suitability of a proposed candidate, including but not limited to the following criteria:

- Board Diversity Policy;
- Reputation for integrity;

- Sufficient commitment in time and interest to the Group;
- Qualification, experience and achievements that are relevant and appropriate to the Group's business;
- Independence for the appointment of Independent Non-executive Director; and
- Any other relevant and significant factors as may be considered by the Nomination Committee and/or the Board.

Board Diversity Policy

The Board has approved and adopted a board diversity policy (the "**Policy**") effective since 14 July 2022 and has delegated to the Nomination Committee the responsibilities of implementation, monitoring and review of the policy.

The Board believes that diversity of the Board can be achieved through consideration of a number of factors when deciding on appointments of Directors, including but not limited to skills, regional and industrial experience, cultural and educational background, professional qualifications, race, gender, age and length of service and any other factors that the Board deems appropriate from time to time. The Board is currently comprised of diversified members, including seven Directors, one of whom is female (2022: one). For all detail composition of the Board and Senior Management, please refer to section headed "Directors and Senior Management" in this annual report. The Board will take every opportunities to increase the proportion of female members of the Board and our senior management over time as and when suitable candidates are identified. For the detailed gender ratio in the workforce (including senior management), please refer to the sustainability report in this annual report.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will conduct regular review on the Director Nomination and Diversity Policy, as appropriate, to ensure its effectiveness.

Measurable Objective

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Review

Annually, the Nomination Committee reviews the Board's composition under diversified perspectives, including but not limited to progress on achieving any measurable objectives that have been set for Policy implementation.

The Nomination Committee also has the responsibility for identifying suitably qualified candidates to become members of the Board and, in carrying out such responsibility, will give adequate consideration to the Board Diversity Policy.

The Nomination Committee will review the Policy on a regularly basis, as appropriate, to ensure the effectiveness of the Policy and recommend any such revisions to the Board for consideration and approval.

During the Reporting Period, the Nomination Committee has held one meeting to (i) reviewed and considered the composition and diversity of the Board; (ii) assessed the Independent Non-executive Directors' independence; (iii) considered the appointment and re-appointment of the Directors; (iv) reviewed the succession planning for Directors; and (v) reviewed both of Board Diversity Policy and Nomination Policy. The attendance of the members is detailed on page 21.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Our policy requires that each new Director is given formal, comprehensive and customized induction training at the time of first appointment to ensure their proper understanding of the Group's business and operations, and sufficient awareness of the Directors 'duties and responsibilities under the listing Rules and related regulations.

The Group provides professional training to Directors to keep them up to date on the Listing Rules and other applicable regulatory requirements as well as the Group's business and governance policies.

During the Reporting Period, the Directors participated in the following continuous professional development:

	Types of training
Executive Directors	
Mr. Soon See Beng	C
Mr. Soon Chiew Ang	C
Mr. Soon See Long	C
Independent Non-executive Directors	
Mr. Khoo Chee Siang	C
Datuk Tan Teow Choon	C
Mr. Ngai Wah Sang	C
Ms. Tiong Hui Ling	C
Mr. Ooi Guan Hoe (resigned on 1 June 2023)	C

A: attending seminars, conferences and/or briefings on directors' duties and corporate governance, regulatory updates, and financial and economic development

B: giving speech at seminars and/or conferences

C: reading regulatory updates, newspapers, journals, and other business, financial and economic publications

The Board requires Directors to devote sufficient time and attention to their duties and the Company's affairs. The Directors are also required to disclose to the Company annually the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved, as well as the identity of the public companies or organisations and the time involved to the Company. The Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Independent Non-executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and Board committees meetings bring independent judgment and advice on issues relating to the Group's strategies, performance and management process, to ensure that the interests of all Shareholders are taken into account and safeguarded. Pursuant to code provision C.1.2, the functions of non-executive directors should include:

(a) taking the lead where potential conflicts of interests arises;

(b) serving on the audit, remuneration, nomination and other governance committees, if invited; and

(c) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

Independent Non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of Shareholders.

The Board periodically reviews the Company's practices on corporate governance, compliance with the CG Code, training and continuous professional development of Directors, and the disclosures in this annual report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are aware of their obligations to prepare consolidated financial statements for the Year, to reflect a true and fair financial position, results and cash flows of the Group for the year then ended, and the proper preparation of financial statements on a going concern basis in accordance with applicable statutory requirements and accounting standards. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with quarterly updates on the Group's performance, positions and prospects. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern, and therefore the Directors continue to adopt the going concern approach in preparing financial statements.

The responsibility statement by the joint auditors regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the independent joint auditors' report on pages 89 to 91 of this annual report.

COMPANY SECRETARY

Mr. Yeung Kwong Wai was appointed as the Company Secretary on 3 August 2023. The biographical details of Mr. Yeung are set out in the Directors and Senior Management on page 17 of this annual report. Mr. Yeung has taken not less than 15 hours of relevant professional training during the Reporting Period to comply with Rule 3.29 of the Listing Rules. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable rules and regulations are followed.

Pursuant to code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Yeung does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Yeung as the Company Secretary of the Company. In this respect, the Company has nominated Mr. Soon See Beng as its contact point with Mr. Yeung. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Yeung's prior experience in acting as the company secretary of other companies listed on the Stock Exchange, both the Company and Mr. Yeung are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Yeung's experience in company secretarial functions, the Directors believe that Mr. Yeung has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

SHAREHOLDERS' RIGHT

The Board and senior management are committed to meeting and communicating with Shareholders through the annual general meeting of the Group, listening to shareholder opinions and answering questions from Shareholders about the Group and its business. Notice of the annual general meeting is sent to the Shareholders at least 21 days before the holding of the annual general meeting.

Right to Convening an Extraordinary General Meeting

The procedure to convene an extraordinary general meeting is set out in the Articles of the Company. The Board may whenever it thinks fit call for an extraordinary general meetings. Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Right to make Enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at the Company's principal place of business in Hong Kong: Units 2201-2203, 22/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong. Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, Shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

Procedures for putting forward Proposals at Shareholders' Meetings

To put forward proposals at a Shareholders' meeting of the Company, a shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

DIVIDEND POLICY

The Board considers sustainable returns to Shareholders whilst retaining adequate reserves for the Group's future development to be an objective. Dividends may be recommended, declared and paid to Shareholders from time to time.

In summary, the declaration of dividend is subject to the discretion of the Board and the approval of the Shareholders, taking into consideration of, among others, the following factors:

- the Group's actual and expected financial results;
- the general economic conditions and other internal or external factors that may have adverse impact on the business or financial performance and position of the Group;
- the Group's business operation strategy, including expected working capital requirements, capital expenditure requirements and future development plans;
- the Group's cash flow and liquidity position;
- retained earnings and distributable profit reserves of the Group;
- contractual restrictions on the payment of dividends imposed by the Group's lenders and other institutions;
- effects on the Group's creditworthiness;
- interest of Shareholders;
- applicable statutory and regulatory restrictions; and
- any other factors that the Board considers to be applicable from time to time.

Depending on the financial conditions of the Company and the Group and the factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of profits that the Board may deem appropriate.

The payment of dividend is subject to any restrictions under the Laws of Hong Kong and Cayman Islands and the Company's Articles of Association.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion and there is no assurance that dividends will be declared and/or paid in any particular amount for any given period.

Any dividend for a financial year will be subject to Shareholders' approval.

On 30 June 2023, the Board had declared the payment of a special dividend of HK$0.023 per ordinary share of the Company, amounting to HK$23,003,450 (equivalent to approximately RM13,702,000) in total, which was fully paid on 14 August 2023 (2022: Nil).

The Directors did not recommend payment of a final dividend for the Reporting Period (2022: Nil).

JOINT AUDITORS' STATEMENT AND REMUNERATION

A statement by the Group's joint auditors on their reporting obligations in respect of the Group's consolidated financial statements for the Year is set out in the "Independent Joint Auditors' Report" section of this annual report.

An analysis of the remuneration of the external joint auditors, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, of the Company is set out below:

	2023 **RM'000**	2022 RM'000
Annual audit services for the financial year	**933**	842
Professional services in connection to the Initial Listing as joint reporting accountants *(Note)*	**–**	3,201
Agreed-upon procedures on interim financial information for the six months ended 30 June 2023/2022	**117**	112
Total	**1,050**	4,155

Note: The amounts represent the total fee for the entire professional services as the joint reporting accountants for the Initial Listing. Such professional fees have been recognised in various accounting periods.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility in establishing and maintaining an effective and adequate risk management and internal control systems.

The Board aims to minimize the risks rather than eliminate them entirely. Accordingly, the Board has a risk management framework, including performance of a risk assessment for reviewing the key risk areas and determining appropriate risk mitigation strategies. The Group has also taken sufficient steps to identify, assess, update and monitor certain particular risks associated with its financial, operational and compliance activities.

The Board shall be responsible for monitoring compliance with the laws and regulations that are applicable to the operation of the Group, as well as assessing the adequacy and effectiveness of the Group's regulatory compliance procedures and system. Other than reviewing and monitoring our financial reporting process and the risk management procedures, our Audit Committee shall, on an annual basis: (a) review the reports and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system; (b) advise the Board on the adoption of the recommendation (if any) proposed by the internal control consultant; (c) assess and review the adequacy of resources and training provided to our management and staff in relation to our regulatory compliance functions; and (d) receive the recommendations and reports of the Group's internal audit function, review and approve the organisation, responsibilities, plans, results, budget and resources of the internal audit team to ensure the quality of the Group's internal control measures are maintained.

Risk Management

The Group has established a risk management policy and risk management framework. The Group's risk management framework premises on five elements namely: internal environmental control, risk management, control activities, information and communication and monitoring and improvement.

The Group's risk management framework comprises the following key steps:

1. Identify risks;
2. Analyse risks;
3. Evaluate risks; and
4. Treat risks.

Senior management identifies the key risks that potentially impact the key business processes of their operations on an annual basis. The identified risks are analysed and evaluated using established risk assessment criteria which include appropriate qualitative and quantitative techniques. These identified risks are scored based on their likelihood of occurring and the impact on business should they occur. Such a risk evaluation system helps to rank the risks and to prioritise risk management efforts to determine the appropriate risk mitigation plans (i.e. accept, reduce, transfer and avoid). Results of the annual risk assessment are reported to the Audit Committee, including the significant risks of the Group and the associated control activities to mitigate or transfer the identified risks. The risk assessment results indicated limited changes in the nature and extent of significant risks identified by the Group in the Reporting Period. To provide assurance over the effectiveness of the risk mitigating controls, the Group has formulated an internal audit plan which covers the identified risk mitigating controls and key business processes of the Group.

Internal Controls

The Group has established policies and procedures which include defined levels of responsibilities and reporting lines. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may adversely impact on the Group's performance are identified and assessed. To assist the Audit Committee in discharging its duties, the Company has engaged an internal control consultant ("**Internal Control Consultant**") to conduct an annual review on the adequacy and effectiveness of the Group's internal control system in respect of its compliance each financial year and submit a report. In particular, the internal control consultant will set out in its report regarding the Group's effectiveness of the Group's internal control system in ensuring the Group's compliance. The management will then provided an action plan so as to mitigate those identified deficiencies in a timely manner. The Internal Control Consultant has independently reported the findings and recommendations to the Audit Committee.

In respect of the year ended 31 December 2023, the Board has conducted a review of the effectiveness of the risk management and internal control systems and considers the systems to be effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. A review on the risk management and internal control systems will be conducted on an annual basis. During the review, the Board will take into consideration the resources, qualification/experience of staff of the Group's internal control, accounting and financial reporting function, and their training and budget to be adequate.

The Group is aware of its obligation of handling and dissemination of inside information under the Listing Rules and the Securities and Futures Ordinance. The Group has established an Inside Information Management Policy for identifying, monitoring and reporting inside information to our Shareholders, investors, analysts and media. This Policy is updated whenever required and adopted accordingly to guide its stakeholder communications and the determination of inside information in order to ensure consistent and timely disclosure. The Group conducts its affairs in accordance with the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012.

During the year ended 31 December 2023, the Board and the Audit Committee have reviewed the need for an internal audit function and considers it more cost-effective to appoint external independent professionals to independently review and continuously evaluate the Group's internal monitoring systems and risk management systems, taking into account the size and nature of the Group. The Board will review the need for an internal audit function at least once a year.

Overall, the Board and the Audit Committee consider that the risk management and internal control system of the Group are effective and adequate. The Board will continue to assess the effectiveness and adequacy of risk management and internal controls through consideration of the reviews and recommendations made by the Audit Committee, Senior Management and Internal Control consultant.

The Company has established and maintained the procedures and internal controls for the handling and dissemination of inside information. The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to the same dealing restrictions. The Group also strictly prohibits the Directors from the unauthorized use of confidential or inside information to the advantage of himself or others. The Company promptly identifies, assesses and escalates any inside information and any information which may potentially constitute inside information to the Board, which decides the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company in due course.

WHISTLE-BLOWING MECHANISM

A Whistle-blowing Policy has been set up to encourage and allow employees to raise concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity. The Audit Committee has the overall responsibility for this Policy and has delegated day-to-day responsibility of overseeing and implementing such Policy to the Chief Financial Officer of the Group. If any employee believes reasonably and in good faith that malpractice exists in the workplace, he/she should report immediately via the Speak-up facility namely SCC Cares. All reports are treated confidentially and the Group makes every effort to keep the employee's identity confidential.

ANTI-BRIBERY AND ANTI-CORRUPTION TRAINING

To strengthen understanding of the relevant applicable laws and regulations, training regarding ethical business conduct covering topics such as integrity and discipline, confidentiality and conflict of interest is provided to all managers and above. The Board has also received internal training on related topics.

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The Group has a number of channels of communication with Shareholders and public investors to ensure that they are kept up to date with the latest news and developments of the Group. The Group provides Shareholders with up-to-date information on the Group's development, financial results and major events through annual, half-yearly reports. All published information is uploaded to the Group's website at www.sccgroup.com.my.

The general meetings of the Company provide opportunities for the Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of the Board Committees will attend the AGMs to answer Shareholders' questions. The Auditors will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. Separate resolutions are proposed at Shareholders' meetings on each substantial issue. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting, and questions from Shareholders regarding the voting procedures are answered. Shareholders may also submit enquiries to management and make recommendations to the Board or senior management at the Shareholders' Meeting.

To promote effective communication, the Company adopts a Shareholders' Communication Policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders. The Company has established several channels to communicate with the Shareholders as follows:

- corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange and on the website of the Company at www.sccgroup.com.my;
- announcements are published on the websites of the Stock Exchange and the Company;
- corporate information is made available on the Company's website; and
- annual and extraordinary general meetings, if any, provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered it to be effective during the Reporting Period.

CONSTITUTIONAL DOCUMENTS

The Articles of the Company remains unchanged during the Reporting Period.

REPORT OF THE DIRECTORS

The Board of Directors (the "**Board**") of Swang Chai Chuan Limited (the "**Company**") presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (together, the "**Group**") for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are principally engaged in distribution and sales of food and beverages and provision of logistics, warehousing services and others in Malaysia.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 92 of this annual report.

On 30 June 2023, the Board had declared the payment of a special dividend of HK$0.023 per ordinary share of the Company, amounting to HK$23,003,450 (equivalent to approximately RM13,702,000) in total, which was fully paid on 14 August 2023 (2022: Nil).

The Directors did not recommend payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the section headed "Management Discussion and Analysis" on pages 7 to 12 of this annual report.

MAJOR RISKS AND UNCERTAINTIES

The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong):

1. Economic climate and individual market performance

The impact of economic conditions on consumer confidence and buying habits would affect sales and results of the Group. The economic growth or decline in the geographical markets that affect consumer spending on F&B would also affect the business. The Group continues to implement its strategies to develop and strengthen penetration of different geographical markets thereby reducing its dependency on specific markets.

2. Customers' credit risk

The exposure to credit risk by the Group, which will cause a financial loss due to failure to discharge an obligation by the counterparties, arises from the carrying amounts of the recognised financial assets as stated in the consolidated statement of financial position. The Group only extends credit to customers based on careful evaluation of the customers' financial conditions and credit history. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debts at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Details of the customers' credit risk are set out in Note 29 to the consolidated financial statements.

3. Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures adequacy of financial resources for operations' need and compliance with the relevant loan covenants.

Details of liquidity risk are set out in Note 29 to the consolidated financial statements.

4. Currency risk

The Group has foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented on a timely and effective manner.

Details of the currency risk are set out in Note 29 to the consolidated financial statements.

5. Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Details of interest rate risk are set out in Note 29 to the consolidated financial statements.

ENVIRONMENTAL POLICIES, COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated to maintaining sustainable work practices and pay close attention to ensure all resources are efficiently utilised with minimal adverse impact on our environments. Details on the Group's environmental policies and performance can be found in the Sustainability Report included in this annual report.

The Group has established various management systems and measures such as internal control and staff training to ensure its compliance with laws and regulations in relation to the Group's business and operation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has no material breach relevant of laws and regulations that has a material impact on the Group's business and operation during the Reporting Period.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the Reporting Period, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2023 are set out in Note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 24 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and of the Company during the Reporting Period are set out on page 95 in the consolidated statement of changes in equity and Note 32 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company are set out in Note 32 to the consolidated financial statements. As at 31 December 2023, the Company's reserves available for distribution to equity holders amounted to approximately RM35.9 million (2022: approximately RM57.8 million).

SHARE SCHEME

The share option scheme (the "**Share Option Scheme**") was approved and conditionally adopted by the Board and Shareholders by way of written resolutions on 14 July 2022 (the "**Adoption Date**"). Since the Adoption Date and at the date of this annual report, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options under the Share Option Scheme ("**Options**") to Eligible Persons as incentives or rewards for their contributions to the Group.

(2) Who may join

The Board may, at its discretion, invite the following classes of participants to take up Options at a price calculated in accordance as stipulated below:

(i) any full-time or part-time employee of the Group;

(ii) any member of the Group, including any executive, non-executive directors and independent non – executive directors;

(iii) any advisers or consultants of the Group.

(3) Total number of shares to be issued

The total number of Shares issued and to be issued upon exercise of the Options granted to a participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time.

In relation to the Further Grant, our Company must send a circular to our Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(4) Maximum entitlement of each eligible person

(i) The maximum number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 1,000,150,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 100,015,000 Shares, representing 10% of the Shares in issue as at the Listing Date and as at the date of this annual report.

(ii) Subject to the approval of Shareholders in general meeting, the Company may renew the Scheme Mandate Limit to the extent that the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), the Company shall send a circular to our Shareholders containing the information required by the Listing Rules.

(iii) Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), the Company shall send a circular to the Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.

(iv) Notwithstanding the foregoing, the Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(v) The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Board shall make available sufficient authorized but unissued share capital of the Company for purpose of allotment of shares upon exercise of Options.

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, the proposed grant must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder of the Company or an Independent Non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK$5 million, then the proposed grant of Options must be approved by the Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder of the Company, an Independent Non-executive Director or their respective associates.

The circular must contain the following:

(i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from our Independent Non-executive Directors (excluding any Independent Non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and

(iii) all other information as required by the Listing Rules from time to time.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) of the Company set out in this paragraph do not apply where the Eligible Person is only a proposed Director or proposed chief executive of the Company.

(5) Option period

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options will be issued but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(6) Minimum vesting period

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

(7) Payment on acceptance of the option

Upon acceptance of the Option, the Eligible Person shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than five trading days from the date on which the Option is granted.

(8) Basis of determining the exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "**Offer Date**"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person;

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Offer Date; and

(iii) the nominal value of a Share on the Offer Date.

For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed for less than five trading days, the offer price shall be used as the closing price for any trading day falling within the period before the Listing Date.

(9) Remaining life

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Save for this Share Option Scheme, the Company has not adopted any other share scheme.

BANK BORROWINGS

Details of the bank borrowings of the Group are set out in Note 21 to the consolidated financial statements.

DIRECTORS

The directors of the Company (the "**Directors**") who held office during the Reporting Period and up to the date of this annual report are:

Executive Directors:

Mr. Soon See Beng *(Chairman)*
Mr. Soon Chiew Ang
Mr. Soon See Long

Independent Non-executive Directors:

Mr. Khoo Chee Siang
Datuk Tan Teow Choon
Mr. Ngai Wah Sang
Ms. Tiong Hui Ling
Mr. Ooi Guan Hoe (resigned on 1 June 2023)

For compliance with Code Provision B.2.2 set out in the CG Code of the Listing Rules and in accordance with Articles 108(a) and (b) of the Company's Articles of Association, at the forthcoming AGM, Mr. Soon See Beng, Mr. Ngai Wah Sang and Ms. Tiong Hui Ling will retire as Directors by rotation and, being eligible, offers themselves for re-election. All other existing Directors shall continue in office.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence and considers that each of the Independent Non-executive Directors is independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS OF SUBSIDIARIES

During the Reporting Period and up to the date of this annual report, each of Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long, Ms. Soon Lee Shiang holds directorship in certain of the Company's subsidiaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors of the Group as at the date of this annual report are set out on pages 13 to 17.

INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. As at 31 December 2023, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Commission ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests and/or short positions in our Company

Director	Nature of Interest	Number of Shares Held	Percentage of Interest in the Company
Mr. Soon See Beng	Interest in controlled corporation[(2)]	723,000,000 (L)[(1)]	72.29%
Mr. Soon Chiew Ang	Interest in controlled corporation[(2)]	723,000,000 (L)[(1)]	72.29%
Mr. Soon See Long	Interest in controlled corporation[(2)]	723,000,000 (L)[(1)]	72.29%

Notes:

1. The letter "L" denotes long position in the shares held.
2. These shares are held by Soon Holdings Limited. The issued share capital of Soon Holdings Limited is owned as to 70%, 10%, 10%, and 10% by Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang respectively, and therefore, each of Mr. Soon See Beng, Mr. Soon Chiew Ang and Mr. Soon See Long are deemed to be interested in all the Shares registered in the name of Soon Holdings Limited in the Company under Part XV of the SFO.

Save as disclosed above, as at the date of this annual report, none of our Directors nor the chief executive of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENT TO ACQUIRE SHARES

At no time during the Reporting Period or at the end of the Reporting Period was the Company, its subsidiaries, its holding company or the subsidiaries of its holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

DONATIONS

During the Reporting Period, the Group made charitable donations of approximately RM175,900 (2022: RM215,000).

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Options", at no time during the Reporting Period or at the end of the Reporting Period was the Company a party to any equity-linked agreements.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association, and may be terminated by either party upon one month's prior notice.

Each of Independent Non-executive Directors has entered into an appointment letter with the Company for a term of three years, which is subject to retirement by rotation and re-election in accordance with the Articles of Association.

The service contracts and appointment letters are automatically renewed upon expiration.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" in this annual report and Note 27 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which any of the Company's Director or an entity connected with the Director or controlling shareholder or its subsidiaries had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period and up to the date of this annual report, none of the Directors had any interest in business apart from the Group's businesses which competed, or was likely to compete, either directly or indirectly, with the Group's businesses under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

In order to avoid any future competition among our Group and Soon Holdings Limited, Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang (collectively, the "**Controlling Shareholders**"), on 14 July 2022, the Controlling Shareholders as covenantors (each of them, a "**Covenantor**" and collectively, as the "**Covenantors**") executed a Deed of Non-competition dated 14 July 2022 in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries) (the "**Deed of Non-Competition**").

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earlier of (i) the date on which the Shares cease to be listed on the Stock Exchange; or (ii) the date on which that Covenantor and his/her/its close associates (individually or taken as a whole) cease to be a Controlling Shareholder, it will not either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, among other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on by our Group, including but not limited to (i) distribution of the products that overlap with the products of our Group; and (ii) logistics and warehousing services, or contemplated to be carried on by any member of our Group in Malaysia or any place where our Group has conducted business as at the date of the Deed of Non-competition or may conduct business from time to time in the future (the "**Restricted Business**"); and such further undertakings including but not limited to referring any and all new business opportunities in connection with the Restricted Business, non-disclosure of any confidential or trade-sensitive information of the Group; non-solicitation of customers; and conduct of conflict checks with its customers etc. Details of the Non-competition Deed are set out in the paragraph headed "Non Competition Undertaking" in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Company has received the annual written declaration signed by each of the Controlling Shareholders declaring, inter alia, that he/she/it had complied with the terms of the Deed of Non-competition during the year ended 31 December 2023 and up to the date of this annual report for disclosure in this annual report (the "**Declaration**"). The Independent Non-executive Directors have reviewed the Declaration and the implementation of the Deed of Non-Competition during the year ended 31 December 2023 and up to the date of this annual report and confirmed that they are not aware of any non-compliance of the Deed of Non-competition by the Controlling Shareholders during the financial year ended 31 December 2023 up to the date of this annual report. The Independent Non-executive Directors had not been called to make any decisions in relation to any Restricted Business during the year ended 31 December 2023 and up to the date of this annual report.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, so far as our Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares as recorded in the register required to be kept under section 336 of the SFO or which were required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Soon Holdings Limited[(2)]	Beneficial Owner	723,000,000 (L)[(1)]	72.29%
Mr. Soon See Beng[(2)]	Interest in a controlled corporation	723,000,000 (L)[(1)]	72.29%
Mr. Soon Chiew Ang[(2)]	Interest in a controlled corporation	723,000,000 (L)[(1)]	72.29%
Mr. Soon See Long[(2)]	Interest in a controlled corporation	723,000,000 (L)[(1)]	72.29%
Ms. Soon Lee Shiang[(2)]	Interest in a controlled corporation	723,000,000 (L)[(1)]	72.29%
Ms. Ng Mee Lam[(3)]	Interest of spouse	723,000,000 (L)[(1)]	72.29%
Ms. Ng Kar Wei[(4)]	Interest of spouse	723,000,000 (L)[(1)]	72.29%
Ms. Yang Lixia[(5)]	Interest of spouse	723,000,000 (L)[(1)]	72.29%
Mr. Lim Tau Hong[(6)]	Interest of spouse	723,000,000 (L)[(1)]	72.29%
Mr. Tee Kian Heng	Beneficial Owner	51,115,000 (L)	5.11%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. These shares are held by Soon Holdings Limited. The issued share capital of Soon Holdings Limited is owned as to 70%, 10%, 10% and 10% by Mr. Soon See Beng. Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang respectively, and therefore, each of Mr. Soon See Beng. Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang are deemed to be interested in all the Shares registered in the name of Soon Holdings Limited in the Company under Part XV of the SFO.

3. Ms. Ng Mee Lam is the spouse of Mr. Soon See Beng. Accordingly, Ms. Ng Mee Lam is deemed to be interested in all the Shares held by Mr. Soon See Beng under Part XV of the SFO.

4. Ms. Ng Kar Wei is the spouse of Mr. Soon Chiew Ang. Accordingly, Ms. Ng Kar Wei is deemed to be interested in all the Shares held by Mr. Soon Chiew Ang under Part XV of the SFO.

5. Ms. Yang Lixia is the spouse of Mr. Soon See Long. Accordingly, Ms. Yang Lixia is deemed to be interested in all the Shares held by Mr. Soon See Long under Part XV of the SFO.

6. Mr. Lim Tau Hong is the spouse of Ms. Soon Lee Shiang. Accordingly, Mr. Lim Tau Hong is deemed to be interested in all the Shares held by Ms. Soon Lee Shiang under Part XV of the SFO.

Save as disclosed above, as at 31 December 2023, the Directors are not aware of any other person (other than Directors and chief executives of the Company) had a beneficial interest or short position in the Shares as recorded in the register required to be kept under Section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 840 full-time employees (2022: 779) in Malaysia. The Group recognises the importance of maintaining good relationships with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance, qualifications, competence displayed and market comparable of each employee. The Group provides ample career development opportunities and training support to new employees. During the Reporting Period, the Group had not experienced any significant problems with its employees save as those arising from ordinary course of business or disruption to the operations due to labour disputes, nor has the Group experienced any difficulties in the recruitment and retention of staff.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Company's Articles of Association, the Directors shall be indemnified out of the assets of the Company from liabilities which they may incur by reason of the execution of their duties, unless such indemnification provision is avoided by any provisions of the applicable laws of the Cayman Islands.

The Company maintains an insurance policy for directors' and officers' liability for the Reporting Period.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the Reporting Period.

The aggregate purchases attributable to the Group's largest and five largest suppliers combined were approximately 12.53% and approximately 45.37% respectively of the Group's total purchases for the Reporting Period.

None of the Directors, their close associates, or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had, at any time during the Reporting Period, a beneficial interest in any of the Group's five largest suppliers.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into a number of transactions with various connected persons of our Company for (i) the supply of F&B and other products to certain connected persons; and (ii) the purchase of F&B and other products from certain connected persons, which will continue following the Listing. These connected persons are entities wholly owned or majority-owned by the Controlling Shareholders and/or their spouses or companies controlled by them; and hence are associates of the Controlling Shareholders under Rules 14A.07(4) and 14A.13(3) of the Listing Rules upon Listing (collectively, the "**Entities Interested by the Controlling Shareholders**").

On 11 July 2022, the Group has entered into a master supply agreement (the "**Master Supply Agreement**") with various Entities Interested by the Controlling Shareholders, namely Megamart Sdn. Bhd., Just Relax Restaurant, Tropicana Food Garden, The Eight Th, JR Grill & Bistro, Pak Su Seafood Restaurant Sdn. Bhd., Owl Café and Mega Jaya Seafood Sdn. Bhd. (together, the "**Connected Purchasers**") and certain businesses in the Private Group, for the provision of F&B products, including frozen food, cleaning and kitchen supplies, sauce and condiments and other products (the "**Continuing Connected Transactions**").

The annual caps for each of the financial years are set out as follows:

Period	**Annual Cap RM**
Year ended 31 December 2022	7,000,000
Year ended 31 December 2023	7,200,000
Year ended 31 December 2024	7,500,000

On 11 September 2023, the Group has terminated the Master Supply Agreement and entered into a new master supply agreement (the "**New Master Supply Agreement**") with various Entities Interested by the Controlling Shareholders, namely Megamart Sdn. Bhd., Just Relax Restaurant, Tropicana Food Garden, The Eight Th, JR Grill & Bistro, Pak Su Seafood Restaurant Sdn. Bhd., Owl Café, The 12 Th Kitchen & Bistro, The Nine Th, Theeleventh Bar & Bistro, Theten Th Pub & Bistro, The 13 Th Kitchen & Bistro and The Fifteenth Bar & Bistro, for the provision of F&B products, including frozen food, cleaning and kitchen supplies, sauce and condiments and other products.

The revised annual caps for each of the financial years are set out as follows:

Period	**Annual Cap RM**
Year ended 31 December 2023	10,500,000
Year ended 31 December 2024	12,500,000
Year ended 31 December 2025	14,500,000

During the Year, the aggregate service fee paid by the Connected Purchasers against the Group amounted to approximately RM8,345,000, which was within the annual cap for the Reporting Period.

The transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Further details of the Continuing Connected Transactions were set out in the section of "Connected Transactions" of the Prospectus.

On 14 July 2022, the Group entered into a master purchase agreement (the "**Master Purchase Agreement**") with certain Entities Interested by the Controlling Shareholders, namely, Megamart Sdn. Bhd., Just Relax Restaurant, The Nine Th, Owl Café, Mega Jaya Seafood Sdn. Bhd. (together, the "**Connected Suppliers**"), for the provision of F&B and other products and procured sales and marketing services. As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) with reference to the expected transaction amount of the continuing connected transactions under the Master Purchase Agreement are less than 5% on an annual basis and the expected annual consideration is less than HK$3 million, the transactions under the Master Purchase Agreement constitute exempt continuing connected transactions of our Company under Rule 14A.76(1) of the Listing Rules, and are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. If the annual transaction amount exceeds the relevant threshold, the Company will comply with the Listing Rules where applicable.

The Company's joint auditors have been engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) – Auditors' Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Board has received an unqualified letter from the joint auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing their findings and conclusion on the Continuing Connected Transactions of the Group, stating that the joint auditors did not notice anything that causes them to believe that any of the Continuing Connected Transactions (a) had not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group for the Continuing Connected Transactions; (c) were not entered into, in all material aspects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and (d) exceeded the relevant annual caps for the financial year ended 31 December 2023 with respect to the aggregate amount of the Continuing Connected Transactions.

The Independent Non-executive Directors have reviewed the Continuing Connected Transactions in accordance with Rule 14A.55 of Listing Rules and confirmed that up to the date of this annual report such transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the TAs on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in Note 27 to the consolidated financial statements.

The Master Supply Agreement and Master Purchase Agreement as disclosed in the section headed "Continuing Connected Transactions" in this annual report of the Directors constituted continuing connected transactions for the Company under the Listing Rules. Save as disclosed above, no other related party transactions as set out in Note 27 to the consolidated financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed in this annual report in accordance with the requirements of Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated), which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this annual report.

CORPORATE GOVERNANCE CODE

Save for the deviation from code provision C.2.1 and C.6.1 of Part 2 of the CG Code, the Company has complied with required standards as set out in the CG Code during the Reporting Period.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairperson and the chief executive officer should be separated and should not be performed by the same individual. Mr. Soon See Beng currently holds both positions. Mr. Soon See Beng has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. Taking into account the continuation of the implementation of the business plans, the Directors (including the Independent Non-executive Directors) consider Mr. Soon See Beng as the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the board of the Directors, which comprises experienced and high-calibre individuals. The Board currently comprises three Executive Directors (including Mr. Soon See Beng) and four Independent Non-executive Directors and therefore has a fairly strong independence element in its composition.

Pursuant to code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Yeung does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Yeung as the company secretary of the Company. In this respect, the Company has nominated Mr. Soon See Beng as its contact point with Mr. Yeung. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Yeung's experience in acting as the company secretary of other companies listed on the Stock Exchange, both the Company and Mr. Yeung are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Yeung's experience in company secretarial functions, the Directors believe that Mr. Yeung has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all the Company's Directors, the Company has ascertained that all of its Directors have complied with the required standards set out in the Model Code throughout the Reporting Period.

POST BALANCE SHEET EVENT

There is no other material subsequent event after 31 December 2023 and up to the date of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

JOINT AUDITORS

The consolidated financial statements have been jointly audited by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore.

On behalf of the Board
Mr. Soon See Beng
Chairman and Chief Executive Officer

Hong Kong, 27 March 2024

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors is pleased to present the Group's second sustainability report ("**Sustainability Report**") covering the financial year ended 31 December 2023 ("**FY2023**"). This Sustainability Report outlines the Group's progressive journey towards enhancing its sustainability disclosures and practices in line with the requirements of the Stock Exchange.

The world was still in recovery stage in 2023. The challenging external environments were influenced by several factors including slower global trade, geopolitical tensions and tighter monetary policies. Additionally, unpredictable weather patterns and extreme climate conditions and increasingly stringent legal and regulatory requirements being imposed by various regulatory bodies globally further heightened these challenges.

The Board remains steadfast in its commitment to advancing sustainable practices across the Group to align with global expectations. The Board recognises the importance of environmental, social and governance ("**ESG**") in creating long-term value for our stakeholders and maintains its oversight of ESG matters.

As part of the Group's sustainability journey in FY2023, the Group focused on :

(a) strengthening ESG practices, in particular, establishing key policies to address the previous year's gaps in the Group's sustainability practices and refining the data consolidation and monitoring process across the Group;

(b) incorporated climate-related risks into the Group's risk register as a measure to enhance climate-related disclosures;

(c) supporting a transition to low-carbon economy, the Group plans enhance use of renewable energy by installing additional solar panels at selected warehouses;

(d) increasing training hours by prioritising our employees' needs;

(e) ongoing efforts to maintain safe, high-quality products based on internationally accepted food quality standards; and

(f) continued support for our local communities through our education and welfare initiatives.

We recognise that our businesses play an important role in the supply chain. We strive to do more and understand the need to minimise environmental impact, take our social responsibility seriously including looking after the welfare of our people and uphold the highest standards of integrity.

The Board is proud of the progress we have made over the year in integrating ESG considerations into the business strategy. The management team has reviewed, recommended and suggested the significance of the material matters and the proposed targets to prioritise during the year. The Group will continue to take steps on its sustainability journey with full speed ahead.

We would like to extend our gratitude to all our employees and stakeholders for your continued support in our sustainability journey. We look forward to more meaningful efforts towards a sustainable future for all.

Board of Directors

ABOUT THE REPORT

This is the Group's second report on its ESG practices. Our Sustainability Report provides an overview of the Group's progressive efforts, initiatives and performance on sustainability for the Group's operations in Malaysia.

Scope of the Report

The information provided in this Sustainability Report corresponds to the Group's operations for the period of 1 January 2023 to 31 December 2023. The last sustainability report was published in April 2023.

Reporting Boundary

The Sustainability Report focuses on the entities listed in our financial statements, namely, the Company, including its Malaysian subsidiary companies, Swang Chai Chuan Sdn Bhd, Swang Chai Chuan Seafood Sdn Bhd, SCC Marketing (Pahang) Sdn Bhd, SCC Marketing (M) Sdn Bhd, Chop Chin Huat Sdn Bhd, SCC Logistics Sdn Bhd and SCC Marketing (East Coast) Sdn Bhd.

Reporting Frameworks and Standards

This Sustainability Report has been prepared in accordance with the ESG Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange, following the reporting principles of "Materiality", Quantitative", "Balance" and "Consistency".

This Sustainability Report is published in English and in Chinese versions. If there are any discrepancies between the two versions, the English version shall prevail.

Feedback

We value any feedback from all our stakeholders and welcome your comments on the Sustainability Report to help us improve our sustainability performance. Please send your feedback to Chief Financial Officer, Mr. Ooi Guan Hoe at guanhoe.ooi@sccsb.com.my.

OUR APPROACH TO ESG

ESG Governance

ESG Governance Structure

The Company is committed to strong ESG practices that reflect the Group's core values of integrity, inclusiveness, togetherness with a winning attitude to meet our stakeholders' expectations by embracing technology and innovation and talent capability. Having an effective ESG governance is essential for us to identify and address risks and opportunities, enhance transparency and accountability and to create long-term sustainable value for all stakeholders.

The Board of Director's oversight is required in order for the Company to effectively implement its sustainability strategy and objectives. The Board is the highest governing body for the Company and has the ultimate oversight responsibility for the Company's ESG strategy, reporting and setting any key performance indicators ("KPI") or targets.

Board of Directors

- Formulate and monitor ESG strategy for the Group
- Set and monitor targets and KPIs on ESG material issues

Audit Committee

- Independent review of the risk management and internal control systems

Senior Management

- Review and ensure proper disclosure, compliance and reporting of ESG practices
- Report regularly to the Board on sustainability performance
- Make recommendations to enhance sustainability performance
- Oversee and give direction to key personnel involved in the sustainability efforts

In line with the Group's commitment to improve its ESG practices, several policies have been developed and implemented to underpin the Group's dedication to advance its ESG journey. One of which, is the revised ESG Policy which outlines the Group's commitment and approach in identifying and assessing its ESG risks so that all of the Group's corporate activities and businesses are aligned for the long-term value for stakeholders. In the previous ESG report, we referred to the Group's ESG Policy, whereas it should have referred to as an ESG Reporting Policy. The ESG Reporting Policy has been updated to the new ESG Policy, which previously only referred to the disclosure requirements outlined in the HKEX ESG Reporting Guide.

Internal Controls and Risk Management

Risk management and internal controls are important components of ESG strategy and management, in order to assess and mitigate risks related to ESG factors.

The Board, through the Audit Committee, has the overall responsibility over the Group to ensure an effective system of risk management and internal systems be maintained to safeguard the Company's assets and shareholders' interests. The Audit Committee is responsible to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

An effective risk management and process and internal controls are essential for the Company's long-term success and sustainability.

In preparation of enhancing the Group's operational resilience to climate change and ensuring support to the Task Force on Climate-Related Disclosures (TCFD) recommendations, the Company has taken into account climate-related risks within our risk management framework. Refer to Climate Change topic under this ESG Report for more details.

For more details on the risk management and internal controls of the Group, please refer to pages 35 to 37 of this annual report.

ESG FRAMEWORK

Material Matters

This year, we embarked on improving our ESG disclosures with new policies and a more systematic data collection process to have a better understanding on what and how to measure the Group's ESG performance.

For the materiality assessment process, we performed an internal review of the existing material matters we reported on last year following the 'comply or explain' provisions in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange. Based on our assessment, we acknowledge that the material matters are still relevant to our business.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Emissions	**Our People**	**Upholding Good Governance**
Use of Resources	Employment and Labour Practices	Compliance with laws and regulations
Energy Consumption	Health and Safety	Anti-corruption
Water Consumption	Development and Training	Whistleblowing
Packaging Materials	Labour Standards	Data Protection
Waste Management	**Our Operations**	
Climate Change	Supply Chain Management	
	Product Responsibility	
	Our Communities	
	Local Community	

For more clarity, we have repositioned our material matters under the Social and Governance topics under various headings. As our sustainability journey is an ongoing process, we will continue to review our material matters from time to time to align any changes in our business to reflect any environmental or social impacts and that substantially influence the assessments and decisions of our stakeholders.

STAKEHOLDER ENGAGEMENT

Stakeholders are essentially an individual or group that has an effect on, or is affected by the Company and its activities. Stakeholder engagement is defined as the process used by a company to engage with relevant stakeholders for a purpose to achieve the agreed outcomes. The Group has a wide range of stakeholder groups that are important for us. Our key stakeholders include shareholders and investors, customers, suppliers and business partners, government and regulatory bodies. This year we included our communities as part of our key stakeholder groups, as they play a crucial role to our business.

Below is a list of our key stakeholders, the various methods of engagement used and how we responded to their concerns in FY2023:

Key Stakeholders	Methods of Engagement	Areas of Concerns	How We Responded
Shareholders and Investors	• Annual Report • Quarterly financial reports • Annual General Meetings	• Overall financial position and performance of Company • Dividend payout • Good corporate governance	• Timely updates via announcements to the HKEX • Uphold good corporate governance practices across the Group and supply chain
Customers	• Meetings • Emails • Telephone discussions	• Affordable products and services • Customer service	• Offer reasonable products and services
Suppliers/Business Partners	• Telephone discussions • Meetings	• Transparent procurement process	• Establishing Supplier Code of Conduct • Ongoing supplier evaluation and assessment based on the established policies
Government/Regulators	• Telephone discussions • Workshops • Training	• Regulatory compliance	• Regular review and monitoring of licenses • Full compliance with requirements
Employees	• Meetings • Emails • Weekly assembly	• Career progression and upskilling opportunities • Remuneration and benefits • Work-life balance	• Annual performance appraisal • Employee engagement activities
Communities	• Ongoing support for community programmes	• Community welfare and continued livelihood	• Investment in education and welfare to improve community well-being

ENVIRONMENTAL

The world is in need of urgent climate action from all sectors. Global efforts in mitigating climate change are being accelerated. The Company acknowledges that it must do its part to minimise its environmental impacts on the environment and natural resources and find ways to manage the Group's carbon footprint in its business and operations.

Applicable Laws	Our Policies
Environmental Quality Act 1974	ESG Policy Health, Safety and Environmental Policy

Emissions

Guided by our updated ESG Policy, the Group is looking for ways to manage its greenhouse gases ("**GHG**") emissions. GHG emissions are significant contributors to the warming of the planet, which lead to climate change. From our internal assessment, we identified that our transportation fleet (trucks and vehicles) contributes to the direct Scope 1 GHG Emissions. We use cold-facilities to store our products and to transport in cold-trucks temperature sensitive food products. Refrigerants are topped up as and when required for the air-conditioners and chillers during the maintenance period.

The Group does not have any penalties, fines or violated any environmental laws or regulations imposed on the Group in the Reporting Period.

We are presently conducting a review with our suppliers regarding the air-conditioner and chiller units used in the cold trucks and cold-storage facilities. This includes examining the quantity, unit types, leakage rates and refrigerants used, to help us assess the refrigerant emissions that contribute to the Group's Scope 1 GHG emissions.

10 out of 13 warehouse facilities equipped with cold-storage

166 leased or owned trucks, out of which 114 are equipped with refrigeration

We began reviewing our GHG disclosures on direct Scope 1 and indirect Scope 2 GHG emissions since our first report to identify appropriate measures and initiatives to reduce our GHG emissions. Scope 3 GHG emissions will be considered in future once we have a better understanding of our GHG inventory. The Company aims to reduce the Group's indirect Scope 2 GHG emissions by 5% by 2030, as compared to the baseline year of FY2023.

The overview of the Group's GHG emissions in tonnes of CO_2-eq over the last 2 financial years are as follows:

	FY2023	FY2022
Total Direct Scope 1 (tonnes CO_2-eq)[a]	**2,660.95**	2,511.70
Total Indirect Scope 2 (tonnes CO_2-eq)[b]	**3,311.26**	3,225.64[c]
Total GHG Emissions (tonnes CO_2-eq)	**5,972.21**	5,737.34

Notes:

(a) Scope 1 direct emissions generated from combustion of fuels in mobile sources, i.e. from our vehicles in our transportation fleet and forklifts, is calculated using the following calculation [GHG tonnes CO_2-eq Emissions = Emission Factor of 2.614 (Diesel Oil) x Total Amount of Diesel Consumed] over 1,000. The Scope 1 direct emissions excludes the refrigerant emissions generated from our cold trucks and our cold facilities. We are still in the midst of working with our suppliers to compile the relevant data. This process has taken longer than expected to ensure accurate data is collated. Diesel emission factor data according to GHG emission from fuel type, mobile combustions sources in Hong Kong Exchange "How to Prepare an ESG Report", "Appendix 2: Reporting Guidance on Environmental KPIs" https://www.hkex.com.hk/-/media/HKEXMarket/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf.

(b) Scope 2 indirect GHG emissions generated from electricity purchased from the power company for our facilities in Malaysia, is calculated using the latest published rates by the Malaysian Energy Commission.

(c) We have restated the figures for Scope 2 indirect emissions for FY2022 to align with the latest published grid electricity emission factors for the year 2021 issued by the Malaysian Energy Commission.

Use of Resources

Energy Consumption

Electricity Consumption
At the Group, purchased electricity, solar generated energy and fuel are the main sources of our energy consumption. Our warehouses and the offices consume electricity, which is purchased from the local utility supplier, namely Tenaga Nasional Berhad. As part of the Group's ongoing efforts to reduce its energy usage, the following measures have been carried out over the years in various facilities:

- Installation of energy saving bulbs
- Automatic light sensors
- Replacing energy intensive equipment using diesel to electric machinery such as forklifts
- Installation of solar rooftop panels in several warehouses

Our performance in FY2023

The total purchased electricity for FY2023 is 4,368,418 kWh, which is a slight increase as compared to 4,255,465 kWh in FY2022. We recognise that this is an increase from the previous year which is in line with the Company's revenue growth.

Solar Power
We rely on renewable energy from solar power generated from solar rooftop panels installed at our warehouses in Kuantan, Puchong, Kota Bharu and Mentakab to partly power their facilities with solar energy. No new sites were installed with additional solar panels in FY2023. However, the Company intends to install new solar rooftop panels at our other warehouses in 2024 to accelerate the Group's progressive switch to renewable energy to minimise its environmental impact.

The total solar power generated for consumption in FY2023 is 771,878 kWh, which has increased as compared to 536,150 kWh in FY2022.

Fuel Consumption
The Group has its own logistics operations which operates a fleet of its own or leased transportation vehicles. We use diesel for our trucks and forklifts used in our facilities and track the fuel consumption using fleet fuel cards.

- As at 31 December 2023, we operated 166 number of vehicles comprising of mainly heavy goods vehicles, several light and very heavy goods vehicles; and
- Vehicles owned by our sales team used for business travel are provided with fuel cards to track petrol consumption for business travel.

By tracking the fuel consumption, we are able to identify areas we can minimise our environmental footprint. We presently focus our route planning through manual methods. This involves engaging with our customers to coordinate return of goods post-delivery. To improve route planning efficiency, the Company is collaborating with a third-party vendor to advance route planning into our operations. This integration will allow our staff to redirect their focus on other critical areas. We are exploring electrification of several of our transportation vehicles for our shorter routes as part of our commitment to sustainable practices.

The total fuel consumed by our own trucks in FY2023 is 1,017,959 litres, which is an increase from the 960,864 litres consumed in FY2022. We observed a rise in the fuel usage during FY2023, which can be attributed to the increase in the sales orders requiring more frequent deliveries to our customers.

Total Energy Consumption

	FY2023	FY2022
Total Energy Consumption (kWh)[(a)]	**15,353,901.36**	14,430,788.72
Total Energy Consumption (MWh)[(a)]	**15,353.90**	14,430.79
Energy Consumption Intensity[(b)]	**0.016476**	0.017264

Notes:

(a) Restatement of the figures in FY2022, which did not reflect the solar power consumption in the total energy consumption figures.

(b) Energy consumption intensity is calculated based on the total energy consumption in kWh over the total revenue for the Group in the consumption financial reporting year.

The overall energy consumption in FY2023 experienced a slight increase, correlating with the rise of our fuel consumption resulting from increase in sales volume. The Group aims to reduce its energy consumption intensity by 5% by 2030, from the baseline year of 2030.

Water Consumption

Water is an important natural resource. We value the use of water in our value chain, which is mainly used in the factories, warehouses for the toilets and in the production facilities at SCCM. While the Group's operations are not water-intensive, it is important to recognise that the water tariffs may differ from state to state in Malaysia, due to the different tariff structure in each state.

We recognise the importance of improving our understanding of water conservation practices to effectively prioritise areas where we can enhance efficiency and reduce consumption to minimise any environmental impacts from our operations and efficiently use the natural resources. Our water usage is monitored from the monthly billing invoices, sourced from our local water supplier in each of the areas where we operate from. The Group has not faced any significant issues in sourcing water that is fit for purpose in the areas where we operate in.

	FY2023	FY2022
Total Water Consumption (m^3)	**27,677**	35,613
Water Consumption Intensity	**0.000030**	0.000043

Notes: Water consumption intensity is based on the total water consumption over the total revenue for the Group in the respective financial reporting year.

The total water consumption for the Group in FY2023 is 27,677 m^3, a reduction as compared to 35,613 m^3 consumed in FY2022 with improved water conservation practices adopted by the respective employees. Employees are encouraged to conserve water through the use of signage, reminding them to turn off taps and be mindful of water usage. With effective water conservation measures, the Company aims to reduce the Group's water consumption by 5% by 2030, from the baseline year of FY2023.

Packaging Materials

Since 2007, the Company has marketed its own brand of products under "CED", mainly for specialty products and "Mega" (which was later rebranded as Mega Fresh), for frozen food products such as French fries and chicken nuggets. Subsequently, under the Company's subsidiary, SCCM, we established our own brand, "Mega Food", to provide dairy products. The raw materials are packaged and bottled at our Puchong processing facilities. Additionally, frozen foods under our white labels are packed at our Kuantan facility. The Group procures a variety of packaging materials from third-party suppliers for its own products. Primary packaging options encompass plastic bottles, bags, plastic pails, glass jars and caps. Secondary packaging materials utilised include shrink wrap, cardboard boxes, PET/LLDPE plastic, PP bags and cap seals.

During the year, we collated and reorganised our data collection for better understanding of what types of packaging materials are being used to package our own products. We identified that most of our packaging materials used are environmentally friendly and recyclable.

We also initiated tracking the quantity and types of packaging materials utilised in our finished products. This is the first time we are reporting on the number and types of packaging materials used.

The following is the breakdown of the packaging materials used in FY2023 by type:

Types of Packaging Materials	Total (tonnes)
Primary Packaging	
Plastic bottles and bags	**34.37**
Laminated bags	**23.41**
Caps	**5.64**
Plastic pails	**3.84**
Secondary Packaging	
Cardboard boxes	**118.98**
PET/LLDPE plastic	**32.42**
Cap seals	**0.10**
Shrink wrap	**0.10**

Our performance in FY2023:

The total weight of the packaging materials used by the Group amounted to 218.96 tonnes.

Waste Management

We are guided by our ESG Policy to minimise generation of hazardous and non-hazardous waste from our businesses and operations.

Types of Waste Generated from Warehouses and Operations	• Excess or damaged packaging materials • Cardboard boxes • Sugar drums • Gunny sacks • Plastic bottles • General waste • Food Waste (from damage or expired food)
How the different waste generated on sites are managed and handled	• Engage licensed contractors for a fee to collect recyclable waste • Non-recyclable waste or general waste is collected by the local waste collector authorised by local council

Waste generated in the warehouse facilities and operations are generally non-hazardous waste. Hazardous waste or "Scheduled Waste" generated in the operations must be managed and controlled in accordance with the Malaysian Environmental Quality Act 1974. However, the Group does not generate any significant hazardous waste in our facilities. For food waste which are expired or damaged, the Group may dispose these products upon request from the respective suppliers. We assist the suppliers to dispose them at the landfills to be sprayed and disposed to avoid any contamination.

The Company has taken steps during the reporting year to measure and record non-hazardous waste generated under SCCM in Puchong and warehouses in Kuantan. As this is our first year reporting on waste data, we plan to continue monitoring our waste management practices and where feasible, we will set the appropriate targets and measures for any reduction of waste.

Our performance in FY2023:

9.95 tonnes of non-hazardous waste were generated from the warehousing, production and packaging activities related to our own brand of products. This information excludes the damaged food waste that the Group disposes on behalf of our suppliers.

The total waste consumption intensity for FY2023 is 0.000000011 per unit of revenue, based on the total waste generated over the revenue of the Group.

Climate Change

Climate change is one of the most pressing global concerns and planet crisis we are all facing today. The Company recognises its own environmental responsibility as part of the global efforts, to combat climate change. We are progressively working towards enhancing our climate-related disclosures under the 4 pillars of the TCFD recommendations, namely: Governance, Strategy, Risk Management, and Metrics and Targets.

Our ESG Policy

To minimise significant impacts on the environment and natural resources

Governance – At the Board level, the Board has the overall oversight of the Group's practices, policies, procedures, strategies and reporting relating to ESG.

Strategy and Risk Management – In FY2023, a significant step was taken to incorporate climate-related risks and opportunities into the Company's risk register, aligning with the Group's risk management strategy. Recognising the potential impact of climate change on our business and operations, including financial performance of the Group, we are identifying and addressing these risks and opportunities across the value chain. The Board, via the Audit Committee, is responsible to evaluate and determine the Company's ESG-related risks. It ensures the implementation of suitable and effective ESG risk management and internal control systems.

Physical Risks *associated with physical impact of climate change*	Disruption to operation due to flood
	Extreme heatwave could affect melt rate and food quality when travelling from factory to retailers due to changes in temperature
Transition Risks *associated with global shift to a lower-carbon economy, such as changing regulations and policies and reducing GHG emissions*	Potential changes by the Malaysian Government may implemented on climate policies. There is compliance cost and increase in operational costs.
	Shift in market preference may lead to more customer demanding environmentally-friendly products.

Metrics and Targets – In FY2023, the Company set a target to reduce the Group's indirect Scope 2 GHG emissions by 5% by 2030, as compared to the baseline year of FY2023.

Environmental and Natural Resources

The above identified risks are a starting point to assess the environmental impacts from our businesses and operations. We will consider timely adjustments to our business strategy as we continue to review our emissions, waste production and disposal and use of resources impacts on the environment and how to minimise these impacts.

The Group will strive to continue developing a more comprehensive GHG inventory as a priority to be able to set the appropriate basis to develop measurable targets on our GHG emissions across the entire value chain. Further internal assessment is required for us address the climate-related risks and opportunities in more detail in alignment with the Group's strategic direction and objectives.

SOCIAL

People are our greatest assets and are the driving force in ensuring the Company's long-term development and success. We are committed to maintain a healthy, safe and conducive work environment.

Our People

Employment and Labour Practices

We strictly abide by the Malaysian employment laws and regulations in all our human resources practices and management. The Group is also guided by its Human Resource and Internal Control Policy on Human Resources ("**HR**"), which provides an overview of the Group's standardised HR practices and procedures, which all employees are expected to abide by irrespective of position or function.

Human Resource Internal Control Policy

- Recruitment
- Termination & resignation
- Payroll process
- Performance review
- Other administrative functions

Recruitment Process

Our recruitment process primarily involves sourcing for candidates through our website, posting for vacancies in the open market via recruitment advertisements in newspapers or on employment websites. Upon selection, new employees undergo a probation period, following which, their employment will be converted to full-time employee, at the Company's discretion. For specific roles such as lorry drivers for our trucks, medical check-ups are required as only drug-free drivers will be recruited.

Performance Review

To assess the performance of each individual, we have in place a structured annual performance review process which is carried out via an open communication channel for each employee to initiate with their supervisors. This review process is an opportunity to discuss job tasks, KPI settings, identify and correct weaknesses and recognise strengths, and discuss positive, purposeful approaches for meeting goals.

We have refined our HR data collection and monitoring mechanisms to align our disclosures more closely with the HK ESG Reporting Guidance on Social KPIs. Further, the breakdown of the data provided below on the workforce is now consolidated for the Group instead of individual companies in each of the topics for easier reference.

Total Workforce

Our performance in FY2023

As at 31 December 2023, the Group's total workforce is **840 employees**, of which **36% (305) are female** and **64% (535) are male** employees. The total workforce in FY2023 has marginally increased in FY2023 as compared to 779 employees in FY2022, with 37% female and 63% male composition.

Women represent 31% of the senior management within the Group, with 76% women from the total workforce occupying executive roles.

The following provides the breakdown of our Group's workforce in Malaysia:

Total Employees by Age Group	**FY2023 (no.)**	FY2022 (no.)
Below 30	**350**	345
30 to 50	**444**	383
50 and above	**46**	51

Total Employees by Employment Type	**FY2023 (no.)**	FY2022 (no.)
Permanent/Full-time	**824**	772
Contract	**12**	5
Interns	**4**	2
Total	**840**	779

As the Company is a holding company, it does not have any employees since its incorporation. All our employees in the Group are employed and based in our operations in Malaysia hence, we currently only measure the total workforce data in Malaysia and not by geographical regions.

Employee Turnover Rate

Our performance in FY2023

As at 31 December 2023, the Group's turnover rate remained at 6%. The turnover rate by gender, for female is 9% and male at 4%. The Group's turnover rate for FY2022 is 6%, comprising of 6% turnover rate each for both male and female employees. The vacant positions were quickly replaced during the reporting year. The primary reason cited for leaving the company was to pursue alternative career opportunities.

The following is the breakdown of the turnover rate for the Group in Malaysia by age group:

Turnover Rate by Age Group	FY2023 (%)	FY2022 (%)
Below 30	**5**	10
30 to 50	**6**	3
50 and above	**2**	0

As the Company is a holding company, it does not have any employees since its incorporation. All our employees in the Group are employed and based in our operations in Malaysia, hence, we currently only measure the turnover rate in Malaysia and not by geographical regions.

The Company is not aware of any material non-compliance of any employment laws and regulations that have a significant impact on the Group.

Employee Engagement Activities

We strive to promote a conducive workplace for our employees, where our employees can forge meaningful relationships and thrive.

In Kuantan, all the employees are required to attend a weekly assembly whereby the senior management will provide updates on the Company's news and plans to foster a closer and open communication amongst the workforce.

To further foster our family friendly relationship between the management and the employees, all our employees are gifted with an annual "Ang Pow" during each Chinese New Year festivities. We also engaged a lion dance performance during the Reporting Period at our Kuantan headquarters.

A successful and memorable annual dinner has been organised for our employees in May 2023, which involved employees from all branches and was held in a hotel in Kuantan.

Annual Dinner: Hawaiian Themed Appreciation Dinner

Chinese New Year festive celebration

Health and Safety

Workplace safety is a constant operations priority. At all our operations across Malaysia, we are committed to a safe and healthy working environment. The Company complies will the Malaysian Occupational Safety and Health Act, 1994 ("**OSHA**") and is guided by the Group's Health, Safety and Environmental Policy. The Health, Safety & Environmental Policy outlines the Group's commitment to prioritise health and safety and for all workers to be responsible to identify, assess and eliminate work-related hazards.

Each of our employees must be familiar with safety procedures and policies in the course of their employment. Training is provided on work safety laws and regulations to familiarise and remind employees of the importance of and correct practices for health and safety in the workplace. During the year, a fire evacuation training was held in Kuantan.

Our Internal work safety guidelines and measures taken in our warehouses and production facilities include:

- Safety signages across all sites to create awareness and reminders;

- Mandated attire for those assigned at different locations at each of the facilities. For example, to wear proper work uniform, layered clothing, gloves with gripping adhesives and steel boots with non-slip soles for employees working at the cold storage facilities; and

- Mandated training on occupational health, safety and hygiene to meet the regulatory requirements.

Emergency contact numbers are also clearly placed for any medical assistance if an emergency occurs. While there are no medical facilities on our premises, we provide access to medical kits and have nearby clinics to ensure immediate medical attention is available.

As required under OSHA, that every employer shall establish a safety and health committee where there are 40 or more persons who work at the place, the Group has in place Safety Committees for its headquarters in Kuantan and several of its warehouses in Bukit Minyak, Seremban, Johor Bahru, Kota Bharu, Kuala Terengganu, Kuantan, Mentakab and Puchong across Malaysia. The Safety Committee's main function is to review safety and health measures and investigate any related matters.

SCCSB's administration and Human Resources team record and follow-up on any injuries of the Group's employees. The Group will continue to address health and safety as an integral aspect of our business processes. We will continuously review and monitor the adequacy of the Group's safety governance including evaluating the potential implementation of an occupational health and safety management system to enhance the processes to eliminate hazards and minimise risks. The Group has had no non-compliance cases regarding violation of relevant laws and regulations on occupational health and safety that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

Our performance in FY2023

- No work-related fatalities/Zero rate of work-related fatalities

- No work-related injuries

- No recorded number of lost-days as a result of work injuries

Development and Training

We believe that all our employees must be given access to training to improve their knowledge and skills irrespective of their positions, to discharge their duties at work and for career development. Although no structured training programmes have been formalised yet, the Company provides opportunities for our employees to undertake the necessary training to upskill or support their respective roles.

In FY2023, our employees attended training and development courses both internally and externally on various topics. Training covered topics on financial reporting, budget innovation and planning, soft skills, health and safety and anti-bribery and corruption. For new employees, our onboarding process provides orientation training on the overall business operations, on site production advice and on-the-job coaching aimed to assist them with the right skill sets to perform their roles. This reporting year, we began to track the training and training hours participated by our employees across the Group.

Our performance in FY2023

- **1,040 number of hours** of training received by employee
- **37%** of total employees participated in training, comprising of **39% of male** and **61% of female** participation
- Training for Employees by Employee Category:
  - Senior Management – **8%**
  - Executive – **17%**
  - Non-Executive – **75%**
- An **average of 1.24 training hours** per employee, of which the average of **0.70 hours** were for male and **2.17 hours** for female employee.
- Average Training Hours by Employee Category:
  - Senior Management – **4.69 hours**
  - Executive – **4.55 hours**
  - Non-executive – **0.84 hours**

Labour Standards

During the reporting year, the Company undertook measures to update its ESG Policy to include the Group's commitment to :

- prevent child and forced labour;
- uphold principles outlined in the United Nations Guiding Principles on Business and Human Rights; and
- promote fair and decent working conditions for its workforce based on the principles set by the International Labour Organisation.

We are committed to take the necessary measures to eliminate any such practices that do not align with our labour standards. Although the Group engages third parties to source foreign labour to work at the warehouses and facilities, we ensure the work permits are all in order for them to work for the Group.

In FY2023, as part of our ongoing efforts in our ESG journey, we adopted a Supplier Code of Conduct. The Supplier Code lays down the expectations for acceptable conduct that is expected of all contractors, consultants, suppliers, vendors and other third parties. Suppliers are expected to amongst others, to carry out their businesses with ethical standards, treat workers in compliance with labour laws and standards including no child labour or engage in the use of forced labour.

Our performance in FY2023

- The Group is not aware of any material non-compliance of any employment laws and regulations that have a significant impact on the Group.
- As far as the Company is aware, no significant risk has been identified for incidents of child labour or forced labour in the Group's operations.

Our Operations

Supply Chain Management

We maintain a diverse base of suppliers that includes both international and local brand owners and distributors. Our Procurement Policy outlines the procurement processes and sourcing strategies to ensure that the services and goods acquired are the result of transparent, objective, time and cost-effective decision and risk management practices across our supply chain.

Our Policies

- Procurement Policy
- Supplier Code of Conduct

We select, evaluate and assess our suppliers based on their:

Industry experience
Reputation
Cost-effectiveness

Additionally, we conduct due diligence on the suppliers, requesting supporting documents such as health certificates, inspection reports and other relevant specifications relating to the products before completing any purchases from them. For existing suppliers, similar evaluation and assessment are applied from time to time to assess their performance. The selection process also takes due consideration to manage a pre-identified risk of the acquisition and any potential risks by the end-users.

We also monitor our existing suppliers by conducting an annual evaluation to allow us to manage suppliers who can deliver on time, provide parts and products and remain competitive in price. The suppliers must be evaluated for timeliness of deliveries, quality of parts and products, competitiveness of the terms and conditions, completion of work, reputation level of research and development, response times on faults and queries to ensure quality of the product is maintained.

We source honey, peanut butter, sugar, oats, salt and beans from overseas suppliers for our own brand of products. We may from time to time conduct assessment at the supplier's site as part of the Group's supplier assessment process.

We manage a comprehensive list of approved suppliers, classified as trading and non-trading suppliers. Trading suppliers primarily include those suppliers who have entered into Distributorship Agreements with any of the companies in the Group or those who supply the stock, raw materials and packaging materials. Non-trading suppliers encompasses all other suppliers not classified as trading partners, such as maintenance services, freight forwarders or office supplies.

Our performance in FY2023

Our Group engaged with a total of 278 suppliers from its master list of suppliers, of which 173 were trading suppliers and 105 were non-trading suppliers.

The following is the breakdown of the total number of the suppliers by geographical regions at the end of 31 December over the last 2 financial years:

Regions	FY2023 Total	FY2022 Total
Malaysia	584	555
Australia	3	3
Belgium	1	1
Canada	0	1
China	16	16
Denmark	1	1
India	3	2
Indonesia	1	1
Iran	0	1
Korea	0	1
Netherlands	2	1
New Zealand	1	0
Pakistan	1	1
Peru	1	0
Saudi Arabia	0	1
Singapore	1	0
Thailand	4	2
Turkey	1	1
UK	1	1
Vietnam	1	1
Yemen	1	1
Total No. of Suppliers	623	591

We have yet to include the environmental and social risks criteria into our supplier selection and assessment processes. We will continue to review our policies and practices, including green procurement, in more detail to address any enhancements that need be updated across our supply chain.

In FY2023, as part of our ongoing efforts in our ESG journey, we adopted a Supplier Code of Conduct. The Supplier Code of Conduct outlines a framework for acceptable conduct that is expected of all contractors, consultants, suppliers, vendors and other third parties. Suppliers are expected to carry out their businesses with ethical standards, treat workers in compliance with labour laws and standards including no child labour or engage in the use of forced labour, comply with all safety and health standards and regulations, as well as adhere to environmental laws and practices in their business practices.

Product Responsibility

Apart from our distribution and warehousing operations, we have developed our own major brand of products under the brands, "CED", "Mega Fresh", "Mega Foods", "Sayangku" and "Snowcat". The range of products under these brands include honey, peanut butter, sugar, soy milk, salt, oats, soybean milk and psyllium husk.

Our Policy and Procedures
Food Safety Policy
Food Safety Manual

SCCM has in place a Food Safety Manual which incorporates the ISO 22000, ISO 9001, GMP and HACCP principles, and in accordance with other legal and statutory requirements such as Malaysian Food Act 1983 and Food Hygiene Regulations 2009. The Executive Director of the Group is ultimately responsible for overseeing and managing food safety, including efforts to manage risk and ensure compliance with applicable laws and regulations.

In addition, we maintain HALAL certification, issued by the Department of Islamic Development Malaysia (JAKIM) and the Islamic Religious Council, on some of our products that qualify as halal food, which means food that is manufactured, sold or to be consumed in accordance to Islamic laws. The certification covers a list of food products distributed under SCCM and SCC Seafood.

The following certifications are in place under SCCM as at 31 December 2023 in respect of its manufacturing practice and food management system:

Good Manufacturing Practice (GMP) for food	Food Safety According to HACCP System (Second Revision)	Food Safety Management Systems–Requirements for any Organisation in the food chain	HALAL certification, issued by JAKIM and the Islamic Religious Council

The Group has adopted the necessary standards to ensure food management and operations are managed effectively and will continue to take steps to ensure a food safety culture is embedded as an integral part of our operations.

The Group's Intellectual Property

Under the Group's own brand of products, SCCM has registered the following trademarks:

Our registered trademarks help customers recognise and identify our products over others. We either work with suppliers to make and package our products, such as pet care and frozen food or package the raw materials such as honey and salt at our processing facilities.

Our performance in FY2023

During the year under review, the Group did not receive any notice of any claims of infringement of any intellectual property rights that may be threatened or pending in which the Group may be involved either as a claimant or respondent.

Customer Complaints

Currently, we monitor complaints received from customers who purchase our own brand of products. For third party products, any complaints are dealt with directly with the principal suppliers.

Our customers include:

- hypermarkets, supermarkets, provision shops, convenience stores and kiosks
- school canteens, hotels, restaurants, café, F&B dealers and merchandisers; and pharmacies, bakery ingredient shops and pet shops

Complaints received mainly, via:

- email
- telephone calls

For third party products: Sales team and customer service handle general enquiries and product returns

For own products: SCCM sales representatives review the complaints received. SCCM marketing team investigates and work with the sales team to manage the issues promptly.

The complaints received are generally on product quality, for instance, mouldy dairy products, weevils in oat products or crystallisation of honey.

Our performance in FY2023

The Group, via SCCM, received 43 complaints, which were generally settled within 5 working days. The number of complaints has reduced in FY2023 as compared to the 54 complaints received in FY2022.

Quality Assurance and Product Recall

We abide by our established food safety and quality assurance control policies and procedures. While our Group is not involved in the manufacturing of the products we distribute by our Group except for the frozen seafood or meat that are cut or repacked by us or the raw materials processed at our facilities in Puchong, we are committed to deliver our products to our customers in accordance with the relevant health and safety standards, licensing requirements and quality assurance measures.

Below is an overview of the protocols our teams are guided by, from sourcing of raw materials to the distribution operations, to maintaining the high standards in our businesses:

(a) The procurement team conduct evaluations and assessments of potential suppliers to ensure that all purchases of products or raw materials are aligned with our Procurement Policy.

(b) To ensure proper receipt and management of products at our warehouses, the Group has implemented an Inventory Internal Control Policy detailing procedures and guidance on inventory control to prevent any losses or shortages.

(c) At our warehouses, all products undergo physical inspection upon arrival for expiry dates, quantity and appearance to meet our internal requirements. We ensure that they are properly packaged and in good condition for sale. Damaged, unsold returned or expired products are either disposed or returned to the supplier depending on the principal supplier's requirements.

(d) Our products are sorted and categorised based on storage needs, including recommended temperatures and stored in designated storage areas in our warehouses. For our cold storage facilities and cold chain logistics, we collaborate with external third-party vendors to regularly inspect, repair and service these facilities and trucks. This ensures that the quality of frozen food and dairy products are stored at the appropriate temperatures, minimising any prolonged or significant downtime from major or unexpected breakdowns. Our cold storage and refrigerated trucks are professionally calibrated to our specifications, with calibrations certificates valid for 1 year.

(e) We closely monitor and evaluate our warehouse and logistic service providers' performance to ensure that our products are properly stored, managed and delivered in optimal conditions.

(f) In our processing facility in Puchong, raw materials are sent to external laboratories for testing and quality assurance purposes. The testing frequency is determined by the type of raw materials undergoing the testing and evaluation.

Our performance in FY2023

Our Group is not aware of any incident of non-compliance with any relevant laws and regulations or any material product recall relating to any health and safety reasons in respect of the use of the Group's products and services including the supply of products from our suppliers.

Our Communities

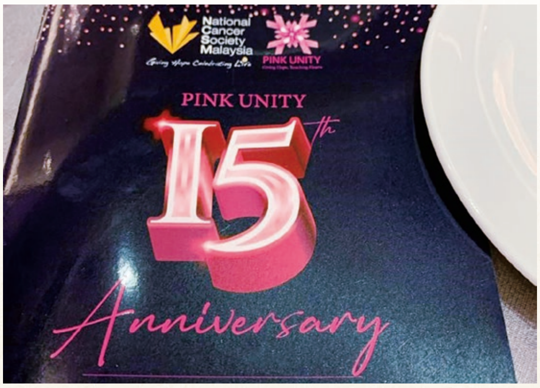
Local Community

As a Group we have practiced giving back to our communities through our annual social responsibility initiatives and sponsorship activities to promote education and welfare activities for our communities in the nearby areas of Kuantan in Malaysia.

In FY2023, we provided scholarships to 2 deserving students to pursue their higher education in their respective courses. Each student received financial support to partially fund their degree programme. In exchange for the scholarships, the students are required to join SCC and remain in its employment for at least 1 year. In addition, SCC provided donations to the following groups in Malaysia:

- Pahang Buddhist Association Hemodialysis Centre
- Pusat Penjagaan Kanak-Kanak Terencat Akal Johor
- PIBG SJKC (C) Kuang Hwa
- PIBG SJK (C) Batu Balai
- Persatuan Memperbaili Akhlak Che Kuan Khor
- Tow Moo Keong Temple
- Pertubuhan Pengusaha Restoran Koo Soo Dan Tukang Masak Kuantan Pahang
- The Kedah General Merchants Association
- Sekolah Menengah Persendirian Chung Hwa
- Cancer Society Malaysia Pink Unity Charity
- Tokong Toh Guan The Kuantan
- Abundant life Solutions

Separately, the Company was also a sponsor for an event organised by the National Breast Cancer Society of Malaysia to contribute to breast cancer awareness and related initiatives.



Our performance in FY2023

The Group contributed a total of RM175,900 as part of its community investments. We are committed to enhancing our efforts in the area of contributions, aiming to optimise the utilisation of our resources with greater alignment on the needs and interests of our local communities.

GOVERNANCE

Upholding Good Corporate Governance

The Company is committed to conduct all its business activities with the highest standards of integrity and ethical business standards in accordance with all applicable laws and regulations where the Company has presence and operations in.

Further details on the Group's corporate governance practices are outlined in the Corporate Governance Report on pages 18 to 39 of this annual report.

Our Policies

Anti-Bribery and Anti-Corruption
Anti-Fraud and Whistleblowing Policy
Human Resource Internal Control Policy
Expenses and Payment Standard Operating Procedures
Conflict of Interest Policy
General Code of Conduct
Supplier Code of Conduct
Personal Data Protection Notice

Compliance with Laws and Regulations

Ensuring compliance with laws and regulations is an important aspect of the Group's ESG commitment. We recognise the significance adhering to local, national and international standards governing the Group's food safety, environmental protection, labour practices and ethical business conduct. Our businesses are guided by the internal processes and the regulatory requirements across the jurisdictions we operate. Through proactive engagement with regulatory authorities and stakeholders, we strive to stay abreast with the emerging regulations and industry best practices. Upholding legal and regulatory compliance not only demonstrates our commitment to ethical business practices but also reinforces trust with our customers, suppliers, employees and the communities we serve.

Our performance in FY2023

No incidents of non-compliance with any relevant laws and regulations were recorded in FY2023.

Anti-Corruption and Bribery

In this reporting year, the Group established an Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**") to outline the principles of bribery and corrupt practices that may arise in the course of business for SCC and its subsidiaries. The ABAC Policy serves as a firm commitment from the Company that it is committed to conduct business with integrity, honesty and with zero tolerance against all forms of bribery and corruption. The ABAC Policy is established to align with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and is applicable to all stakeholders, including the Board, employees and business associates of the Group. The Board, via the Audit Committee, has the responsibility to monitor the effectiveness of and compliance to the ABAC Policy.

The Anti-fraud and Whistleblowing Policy sets out the parameters to prevent fraud by adhering to a set of Code of Conduct and setting a culture of good faith, high ethical standards and professionalism with an effective internal control in the fraud risk evaluation process. The Group has adopted a Code of Conduct which applies to all its employees and provides them with a set of behavioural guidelines to ensure high standards of integrity across our business operations. The Group has also implemented an Expenses and Payment Policy that outlines how an employee within the Group can claim and reimbursed for reasonable and authorised expenses that are incurred while doing business for the Group. The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the year ended 31 December 2023.

Our performance in FY2023

- No concluded legal cases regarding corrupt practices brought against the Company and its employees.
- 29 hours of training on anti-bribery and corruption topics. Only 1 training session was conducted in December 2023. Additional anti-corruption training will be carried out throughout the next reporting cycle.
- A total of 29 employees participated in anti-bribery and corruption training.

Whistleblowing

We have in place a whistleblowing mechanism to report any concerns in confidence about any misconduct, malpractice or irregularities in any matters related to the Group. Through the Anti-fraud and Whistleblowing Policy, it is encouraged for our employees and related third parties who deal with the Group, to escalate any concerns through an appropriate channel and ultimately, all reports will be assessed by the Audit Committee. There are signages placed at various locations in our facilities to remind employees to "Be Bold...Speak Up" if they come across any wrongdoings and report such incidences via the Speak-up facility namely SCC Cares.

Our performance in FY2023

No reports received via the whistleblowing channels.

Data Protection

Safeguarding data protection is a critical importance of upholding privacy and security of all data entrusted to us, including sensitive information of our employees or consumers or suppliers. During the year, the Company established the Personal Data Protection Notice to align with the requirements of the Malaysian Personal Data Protection ("**PDPA**") Act 2010. The PDPA regulates the processing of personal data with regards to any commercial transaction. The Company commits to make efforts to ensure personal data held by the Company is kept-up-to-date and protected against any loss, misuse, unauthorised or accidental access or disclosures, alteration or destruction.

Our performance in FY2023

No incidents of any breach of personal data or privacy matters were reported in FY2023.

Summary of Key Performance Indicators

Indicators	Unit	**2023**	2022
ENVIRONMENT			
Emissions			
Total GHG emissions	tCO_2eq	**5,972.21**	5,737.34
Direct Scope 1 GHG emissions	tCO_2eq	**2,660.95**	2,511.70
Energy Indirect Scope 2 GHG emissions	tCO_2eq	**3,311.26**	3,225.64
Use of Resources			
Total purchased electricity	kWh	**4,368,418**	4,255,465
Total solar power generated	kWh	**771,878**	536,150
Total electricity consumption	kWh	**5,140,295.66**	4,791,614.72
Total electricity consumption	MWh	**5,140.30**	4,791.61
Total fuel consumption	litre	**1,017,959**	960, 864
Total energy consumption	kWh	**15,353,901.36**	14,430,788.72*
Total energy consumption	MWh	**15,353.90**	14,430.79*
Total energy consumption intensity	Per unit of revenue	**0.016476**	0.017264
Total water consumption	m^3	**27,677**	35,613
Total water consumption intensity	Per unit of revenue	**0.000030**	0.000043
Waste Management			
Total waste generated	tonnes	**9.95**	–
Total waste consumption intensity	Per unit of revenue	**0.000000011**	–
Total hazardous waste	tonnes	**–**	–
Total non-hazardous waste	tonnes	**9.95**	–
Packaging Materials			
Total packaging materials	tonnes	**218.96**	–

Indicators	Unit	2023	2022
SOCIAL			
Employment Practices			
Total number of employees	No.	**840**	779
By gender			
– Male	%	**64**	63
	No.	**535**	493
– Female	%	**36**	37
	No.	**305**	286
Employees by employment type			
– Permanent/Full-Time	No.	**824**	772
– Contract	No.	**12**	5
– Intern	No.	**4**	2
Employees by age groups			
– Below 30	No.	**350**	345
– 30-50	No.	**444**	383
– 50 and above	No.	**46**	51
Development and Training			
Total number of training hours	Hours	**1,040**	–
Total employees who took part in training	%	**37**	–
Total employees who took part in training by gender			
– Male	%	**39**	–
– Female	%	**61**	–
Total employees who took part in training by employee category			
– Senior management	%	**8**	–
– Executive	%	**17**	–
– Non-Executive	%	**75**	–
Average number of training hours per employee	Hours	**1.24**	–
Average training hours by gender			
– Male	Hours	**0.70**	–
– Female	Hours	**2.17**	–
Average training hours by employee category			
Senior management	Hours	**4.69**	–
Executive	Hours	**4.55**	–
Non-executive	Hours	**0.84**	–
Turnover Rate	%	**6**	6
Turnover Rate by gender			
– Male	%	**4**	6
– Female	%	**9**	6
Turnover Rate by age group			
– Below 30	%	**5**	10
– 30-50	%	**6**	3
– 50 and above	%	**2**	0

Indicators	Unit	2023	2022
Health and Safety			
Total number of work-related fatalities	No.	0	0
Rate of work-related fatalities	No.	0	0
Lost-days due as a result of work injuries	No.	0	0
Supply Chain Management			
Total number of suppliers	No.	623	591
Product Responsibility			
Total products sold or shipped subject to recalls for safety and health reasons	%	0	0
Number of complaints received on products and/or services	No.	43	54
Number of claims over intellectual property rights	No.	0	0
Local Community			
Total community investments	RM	175,900	203,500
GOVERNANCE			
Anti-Corruption and Bribery			
Number of concluded legal cases regarding corrupt practices	No.	0	0
Number of training hours on anti-bribery and corruption topics	Hours	29	–
Number of employees participated in anti-bribery and corruption training	No.	29	–
Whistleblowing			
Number of reports via whistleblowing channels	No.	0	0
Compliance with Laws and Regulations			
Number of incidents of non-compliance with any relevant laws and regulations	No.	0	0
Data Protection			
Number of breach of any personal data and privacy matters	No.	0	0

* *Restatement of FY2022 figures to include the solar power consumption*

mazars

To the members of
SWANG CHAI CHUAN LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Swang Chai Chuan Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 92 to 164, which comprise the consolidated statement of financial position at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the "Joint Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the key audit matter
Loss allowances for expected credit loss ("ECL") of trade and other receivables *Refer to Notes 17 and 29 to the consolidated financial statements*	
At 31 December 2023, the Group had trade and other receivables (net of loss allowance for ECL) of approximately RM127,716,000. The loss allowance for ECL was approximately RM4,892,000 at 31 December 2023. In determining the loss allowance for ECL of trade and other receivables, the management of the Group assesses loss allowance based on lifetime ECL at each reporting date and considers whether trade and other receivables are credit impaired by establishing a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. We identified the loss allowance for ECL on trade and other receivables as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management of the Group in evaluating the ECL of trade and other receivables.	Our procedures, among others, included: a) enquiring the management of the Group to understand the Group's process for estimating the loss allowance for ECL of trade and other receivables; b) evaluating the design and implementation of key controls relating to estimate of loss allowance for ECL of trade and other receivables; c) evaluating the judgement made by the management of the Group in identifying trade and other receivables with significant increase in credit risk and credit-impaired trade and other receivables; d) assessing whether the loss allowance for ECL of trade and other receivables is properly supported by considering available forward-looking information, the debtors' ageing analysis, settlement record and history of bad debt, on a sample basis; e) testing and evaluating the reasonableness of the loss allowance of credit-impaired trade and other receivables with reference to the future estimated cash flows from the customers as prepared by the management of the Group, including the expected recoverable amount from the counterparties, on a sample basis; and f) checking the mathematical accuracy of the loss allowance for ECL of trade and other receivables and assessing the related disclosures made by the management of the Group.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation for inventories *Refer to Note 16 to the consolidated financial statements*	
At 31 December 2023, the Group had inventories (net of provision for write-down of inventories of approximately RM3,900,000) of approximately RM87,938,000. In determining the provision for write-down of inventories, the management of the Group assesses the level of provision for write-down of inventories required at the end of the reporting period after considering the inventory ageing and other relevant factors, including obsolescence, slow-moving or no longer recoverable or suitable for use in production as well as significant drop in market price. Such assessment involves significant management judgement and estimation in determining the value of inventories which will not be recoverable at the end of the reporting period. We identified the valuation for inventories as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management of the Group in evaluating the provision for write-down of inventories.	Our procedures, among others, included: a) obtaining an understanding of the basis used to determine the policy for provision for write-down of inventories and the information used by the management of the Group to determine the inventory provision, including the historical accuracy of management estimation on provision for write-down of inventories; b) assessing the application of the Group's key internal controls over the provision for write-down of inventories' assessment process; c) checking on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing brackets by comparing the individual items selected with underlying production/purchase records; d) selecting inventory items, on a sample basis, at the end of the reporting period and comparing their carrying values with their subsequent selling prices as indicated in sales invoices less the estimated costs of completion and the estimated costs necessary to make the sale, if appropriate, subsequent to the end of the reporting period; and e) checking the mathematical accuracy of inventory provision and assessing the related disclosures made by the management of the Group.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2023 annual report of the Company, but does not include the consolidated financial statements and our joint auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements 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 joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Mazars CPA Limited
Certified Public Accountants, Hong Kong

42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

27 March 2024

The engagement director of Mazars CPA Limited on the audit jointly resulting in this independent joint auditors' report is:

She Shing Pang
Practising Certificate number: P05510

Mazars LLP
Public Accountants and Chartered Accountants of Singapore
135 Cecil Street
#10-01
Singapore 069536

27 March 2024

The engagement partner of Mazars LLP on the audit jointly resulting in this independent joint auditors' report is:

Lai Keng Wei

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	**2023 RM'000**	2022 RM'000
Revenue	*4*	**931,920**	835,906
Cost of sales		**(821,578)**	(724,285)
Gross profit		**110,342**	111,621
Other income	*5*	**6,661**	3,323
Selling and distribution expenses		**(52,834)**	(47,743)
Administrative and other operating expenses		**(24,965)**	(19,111)
Finance costs	*6*	**(2,279)**	(1,545)
Share of results of an associate	*15*	**(183)**	26
Listing expenses		**–**	(7,026)
Profit before tax	*6*	**36,742**	39,545
Income tax expenses	*9*	**(9,626)**	(12,758)
Profit for the year		**27,116**	26,787
Other comprehensive (loss) income:			
Items that will not be reclassified to profit or loss			
Exchange differences on translation of the Company's financial statements to presentation currency		**(228)**	738
Items that may be reclassified subsequently to profit or loss			
Exchange differences on consolidation		**1,412**	(1,548)
Total other comprehensive income (loss) for the year		**1,184**	(810)
Total comprehensive income for the year		**28,300**	25,977
Earnings per share attributable to owners of the Company			
Basic and diluted	*10*	**2.71 sen**	3.25 sen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 RM'000	2022 RM'000
Non-current assets			
Property, plant and equipment	*13*	**41,693**	39,280
Right-of-use assets	*14*	**21,113**	17,991
Investment in an associate	*15*	**43**	226
Deferred tax assets	*23*	**2,542**	2,352
		65,391	59,849
Current assets			
Inventories	*16*	**87,938**	97,898
Trade and other receivables	*17*	**127,716**	129,061
Fixed deposits with licensed banks	*18*	**22,366**	59,261
Income tax recoverable		**483**	–
Bank balances and cash	*19*	**45,169**	23,026
		283,672	309,246
Current liabilities			
Trade and other payables	*20*	**65,460**	79,678
Interest-bearing borrowings	*21*	**27,155**	48,721
Lease liabilities	*22*	**1,764**	10,457
Income tax payable		**–**	903
		94,379	139,759
Net current assets		**189,293**	169,487
Total assets less current liabilities		**254,684**	229,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 RM'000	2022 RM'000
Non-current liabilities			
Interest-bearing borrowings	*21*	**22,583**	14,548
Lease liabilities	*22*	**3,410**	771
Deferred tax liabilities	*23*	**1,166**	1,090
		27,159	16,409
NET ASSETS		**227,525**	212,927
Capital and reserves			
Share capital	*24*	**5,707**	5,707
Reserves	*25*	**221,818**	207,220
TOTAL EQUITY		**227,525**	212,927

These consolidated financial statements on pages 92 to 164 were approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by

Soon See Beng
Director

Soon Chiew Ang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

		Reserves				
	Share capital RM'000 *(Note 24)*	Share premium RM'000 *(Note 25(a))*	Capital reserve RM'000 *(Note 25(b))*	Translation reserve RM'000 *(Note 25(c))*	Accumulated profits RM'000	Total RM'000
At 1 January 2023	5,707	71,056	–*	(759)	136,923	212,927
Profit for the year	–	–	–	–	27,116	27,116
Other comprehensive (loss) income:						
Items that will not be reclassified to profit or loss						
Exchange differences on translation of the Company's financial statements to presentation currency	–	–	–	(228)	–	(228)
Items that may be reclassified subsequently to profit or loss						
Exchange differences on consolidation	–	–	–	1,412	–	1,412
Total other comprehensive income for the year	–	–	–	1,184	–	1,184
Total comprehensive income for the year	–	–	–	1,184	27,116	28,300
Transactions with owners:						
Contributions and distributions						
Dividends *(Note 11)*	–	–	–	–	(13,702)	(13,702)
Total transactions with owners	–	–	–	–	(13,702)	(13,702)
At 31 December 2023	5,707	71,056	–*	425	150,337	227,525

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

		Reserves				
	Share capital RM'000 (Note 24)	Share premium RM'000 (Note 25(a))	Capital reserve RM'000 (Note 25(b))	Translation reserve RM'000 (Note 25(c))	Accumulated profits RM'000	Total RM'000
At 1 January 2022	–*	–	–*	51	110,136	110,187
Profit for the year	–	–	–	–	26,787	26,787
Other comprehensive income (loss):						
Items that will not be reclassified to profit or loss						
Exchange differences on translation of the Company's financial statements to presentation currency	–	–	–	738	–	738
Items that may be reclassified subsequently to profit or loss						
Exchange differences on consolidation	–	–	–	(1,548)	–	(1,548)
Total other comprehensive loss for the year	–	–	–	(810)	–	(810)
Total comprehensive (loss) income for the year	–	–	–	(810)	26,787	25,977
Transactions with owners:						
Contributions and distributions						
Issue of shares pursuant to the Capitalisation Issue *(as defined in Note 24(b))*	4,125	(4,125)	–	–	–	–
Issue of shares pursuant to the Global Offering *(as defined in Note 24(c))*	1,375	75,621	–	–	–	76,996
Issue of shares pursuant to the Over-allotment option *(as defined in Note 24(d))*	207	11,418	–	–	–	11,625
Transaction costs attributable to issue of shares *(as defined in Note 24(e))*	–	(11,858)	–	–	–	(11,858)
Total transactions with owners	5,707	71,056	–	–	–	76,763
At 31 December 2022	5,707	71,056	–*	(759)	136,923	212,927

* Represent amounts less than RM1,000

Year ended 31 December 2023

	2023 RM'000	2022 RM'000
OPERATING ACTIVITIES		
Profit before tax	36,742	39,545
Adjustments for:		
Depreciation	6,078	4,492
Finance costs	2,279	1,545
Exchange differences	980	(809)
Interest income	(1,491)	(567)
Share of results from an associate	183	(26)
Dividend income	–	(3)
Gain on disposal of property, plant and equipment	(158)	(77)
Write-off of right-of-use assets	–	604
Provision for loss allowances of trade receivables, net	1,085	1,134
(Reversal of) Provision for write-down of inventories, net	(832)	2,146
Bad debts written off	281	159
Operating cash inflows before movements in working capital	45,147	48,143
Changes in working capital:		
Inventories	10,792	(43,752)
Trade and other receivables	(21)	(35,322)
Trade and other payables	(14,066)	24,537
Cash generated from (used in) operations	41,852	(6,394)
Income tax paid	(11,126)	(13,586)
Net cash from (used in) operating activities	30,726	(19,980)
INVESTING ACTIVITIES		
Decrease (Increase) in fixed deposits with licensed banks	36,895	(45,831)
Interest received	1,491	567
Investment in an associate	–	(200)
Dividend received	–	3
Payment for purchase of property, plant and equipment	(6,532)	(8,377)
Payment for purchase of right-of-use assets	(452)	(1,050)
Proceeds from disposal of property, plant and equipment	209	164
Proceeds from redemption of financial assets at fair value through profit or loss	–	233
Net cash from (used in) investing activities	31,611	(54,491)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	2023 RM'000	2022 RM'000
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	**209,021**	205,752
Proceeds from the Global Offering *(as defined in Note 24(c))*	**–**	76,996
Proceeds from the Over-allotment option *(as defined in Note (24(d))*	**–**	11,625
Payment for transaction costs attributable to issue of shares	**–**	(11,858)
Repayment of interest-bearing borrowings	**(222,552)**	(183,798)
Interest paid	**(2,279)**	(1,545)
Repayment to the Ultimate Controlling Party	**–**	(2,430)
Dividends paid	**(13,702)**	–
Repayment of lease liabilities	**(10,886)**	(1,614)
Net cash (used in) from financing activities	**(40,398)**	93,128
Net increase in cash and cash equivalents	**21,939**	18,657
Cash and cash equivalents at the beginning of the reporting period	**23,026**	4,370
Effect on exchange rate changes	**204**	(1)
Cash and cash equivalents at the end of the reporting period	**45,169**	23,026

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Swang Chai Chuan Limited (the "**Company**" together with its subsidiaries are collectively referred to as the "**Group**") was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2019. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 August 2022 (the "**Listing**"). The address of the Company's registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is situated at Units 2201-2203, 22/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and the Group's headquarter is situated at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in distribution and sales of food and beverages ("**F&B**") and provision of logistics services, warehousing services and others in Malaysia.

The immediate and ultimate holding company of the Company is Soon Holdings Limited ("**Soon Holdings**"), which is incorporated in the British Virgin Islands (the "**BVI**"). In the opinion of the directors of the Company, the ultimate controlling parties of the Company are Mr. Soon See Beng ("**SB Soon**"), Mr. Soon See Long ("**SL Soon**"), Mr. Soon Chiew Ang ("**CA Soon**") and Ms. Soon Lee Shiang ("**LS Soon**") (together the "**Ultimate Controlling Party**"), who have been acting-in-concert over the course of the Group's business history.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"), which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The consolidated financial statements also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements are presented in Malaysian Ringgit ("**RM**") and all amounts have been rounded to the nearest thousand ("**RM'000**"), unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standards that are relevant to the Group and effective from the current period.

A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Changes in accounting policies

The Group has applied, for the first time, the following new/revised IFRS Accounting Standards that are relevant to the Group in current period.

Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

Amendments to IAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. The Group's management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to IAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendment does not have any significant impact on the consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendment does not have any significant impact on the consolidated financial statements.

Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the amendment does not have any significant impact on the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost.

Basis of consolidations

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. 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. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in Note 32, an investment in a subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The result of a subsidiary is accounted for by the Company on the basis of dividends received and receivable.

Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in an associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long-term interests that, in substance, form part of the Group's net investment in the investee.

Property, plant and equipment

Property, plant and equipment, other than freehold land which is stated at cost and not subject to depreciation, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives at the annual rate/useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Freehold land	No depreciation
Buildings	Shorter of 50 years or over the unexpired term of lease
Leasehold improvements	Shorter of 5 years or over the unexpired term of lease
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Motor vehicles	10% to 20%

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**FVOCI**"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Recognition and derecognition (continued)

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and bank balances and cash.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral, if any

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group's fixed deposits with licensed banks and bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

Revenue recognition

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is distribution and sales of F&B and provision of logistics services, warehousing services and others in Malaysia.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Timing of revenue recognition (continued)

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from distribution and sales of F&B is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Revenue from logistics services, warehousing services and others is recognised over time (except for sales of miscellaneous goods is recognised at a point in time) upon the performance obligation is satisfied.

For revenue recognised over time under IFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group gives trade discounts, rebates and/or other price incentives (collectively referred to as "**Marketing Incentives**") to selected customers. The Group estimates the Marketing Incentives using the most-likely-amount method and assesses whether the estimated variable consideration is constrained with reference to the customer's historical Marketing Incentives entitlement and accumulated purchases to date. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

The Group is acting as a principal for the revenue from third-party brand and own brand distribution as the Group controls the third-party brand and own brand products before the good transferred to its customers and its performance obligation is to transfer those goods to its customers.

Revenue from other sources

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group receive payments from the customers which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to the Marketing Incentives and receipts in advance are recognised under "Other payables". The Group may offer the Marketing Incentives to its customers after they make purchase with and paid to the Group and customers will utilise the Marketing Incentives granted for their future purchases. The unused Marketing Incentives at the end of the reporting periods represent the Group's obligations to be performed and are recognised as contract liabilities.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is Hong Kong dollars ("**HK$**"). The consolidated financial statements are presented in RM and rounded to the nearest thousands unless otherwise indicated, which is the functional currency of the operating subsidiaries of the Group in Malaysia.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

- on all other partial disposals, which includes partial disposal of an associate that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's property, plant and equipment, right-of-use assets, investment in an associate and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases

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

The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

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

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives at the annual rates/useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leasehold lands and buildings	Over the unexpired term of lease
Leased properties	3 years to 10 years
Motor vehicles	10% to 20%

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

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

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;

(b) the Group determines the lease term of the modified contract;

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; or

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessee (continued)

The Group has applied the practical expedient provided in Amendments to IFRS 16: *COVID-19-Related Rent Concessions beyond 30 June 2021* and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

The Group as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

Operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The Group's rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the statutory requirements prescribed by the relevant Malaysian laws and regulations, the Group's entities established in Malaysia are required to contribute certain percentage range from 4%–13% of payroll costs to Employees Provident Fund, which is a federal statutory body managing the retirement benefits for the employees in Malaysia.

The Group's entities in Malaysia participate in defined contribution schemes managed by the local government. The Group has no further payment obligations once the contributions have been paid.

During the years ended 31 December 2023 and 2022, there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. At 31 December 2023 and 2022, no forfeited contributions were available for utilisation by the Group's entities to reduce the existing level of contributions.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is provided on temporary differences arising on investment in a subsidiary and an associate, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty

(i) *Useful lives of property, plant and equipment and right-of-use assets*

The management of the Group determines the estimated useful lives of the Group's property, plant and equipment and right-of-use assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) *Impairment of property, plant and equipment and right-of-use assets*

The management of the Group determines whether the Group's property, plant and equipment and right-of-use assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of property, plant and equipment and right-of-use assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management of the Group to make an estimate of the expected future cash flows from property, plant and equipment and right-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) *Allowance for inventories*

The management of the Group reviews the inventory ageing analysis periodically and where applicable, makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(iv) *Loss allowance for ECL*

The management of the Group estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

(v) *Income taxes*

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

Critical judgements made in applying accounting policies

Recognition of expenses for the Listing

The management of the Group determines the allocation and classification of relevant costs incurred for Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively.

Future changes in IFRS Accounting Standards

At the date of approving these consolidated financial statements, the IASB has issued the following new/revised IFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current [1]
Amendments to IAS 1	Non-current Liabilities with Covenants [1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements [1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback [1]
Amendments to IAS 21	Lack of Exchangeability [2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the years ended 31 December 2023 and 2022, as the Group manages its business as a whole as the businesses of distribution and sales of F&B and provision of logistics services, warehousing services and others are carried out in Malaysia and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

The Company is an investment holding company and the principal place of the Group's operation is in Malaysia. All of the Group's revenue from external customers during the years ended 31 December 2023 and 2022 is derived from Malaysia and almost all of the Group's assets (except for certain fixed deposits with licensed banks and bank balances) and liabilities are located in Malaysia.

Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group for the years ended 31 December 2023 and 2022.

4. REVENUE

	2023 RM'000	2022 RM'000
Revenue from contracts with customers within IFRS 15		
At a point in time		
Distribution and sales of F&B	922,215	826,231
Over time		
Provision of logistics services, warehousing services and others	9,705	9,675
	931,920	835,906

The amount of revenue recognised for the year ended 31 December 2023 that were included in the contract liabilities in relation to the Marketing Incentives at the beginning of the reporting period was approximately RM5,978,000 (2022: RM7,032,000) *(Note 20(b))*.

5. OTHER INCOME

	2023 RM'000	2022 RM'000
Interest income	1,491	567
Dividend income	–	3
Gain on disposal of property, plant and equipment, net	158	77
Rental income	236	244
Exchange gain, net	–	688
Bad debts recovery	153	–
Reversal of loss allowances of trade receivables	3,807	1,258
Sundry income	816	486
	6,661	3,323

6. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2023 RM'000	2022 RM'000
Finance costs		
Interest on bank overdrafts	1	2
Interest on interest-bearing borrowings	2,092	1,430
Interest on lease liabilities	186	113
	2,279	1,545
Staff costs (including directors' emoluments)		
Salaries, discretionary bonus, allowances and other benefits in kind	37,323	35,600
Contributions to defined contribution plans	3,804	3,332
	41,127	38,932
Other items		
Cost of inventories	806,435	710,796
Auditors' remuneration		
– Audit services	933	842
– Non-audit services	117	112
Depreciation of property, plant and equipment (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	3,916	3,081
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	2,162	1,411
Exchange loss (gain), net	287	(688)
Expenses recognised under short-term leases	226	203
Bad debts written off	281	159
(Reversal of) Provision for write-down of inventories, net *(Note)*	(832)	2,146
Provision for loss allowances of trade receivables, net	1,085	1,134

Note: During the year ended 31 December 2023, the Group has recognised reversal of write-down of inventories, net, of approximately RM832,000 as certain of the Group's inventories which was wrote-down in previous years were sold in current period.

7. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the directors of the Company are set out below.

Year ended 31 December 2023

	Directors' fees RM'000	Salaries, allowances and other benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive directors (Note a)					
SB Soon *(Note b)*	96	1,714	550	406	2,766
CA Soon	96	452	365	153	1,066
SL Soon	96	380	176	105	757
Independent non-executive directors (Note c)					
Mr. Khoo Chee Siang *(Note e)*	82	–	–	–	82
Mr. Ooi Guan Hoe *(Note d)*	34	–	–	–	34
Datuk Tan Teow Choon *(Note e)*	82	–	–	–	82
Mr. Ngai Wah Sang *(Note e)*	82	–	–	–	82
Ms. Tiong Hui Ling *(Note e)*	82	–	–	–	82
	650	2,546	1,091	664	4,951

7. DIRECTORS' REMUNERATION (continued)

Year ended 31 December 2022

	Directors' fees RM'000	Salaries, allowances and other benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive directors (Note a)					
SB Soon *(Note b)*	96	1,594	–	285	1,975
CA Soon	96	422	–	82	600
SL Soon	96	303	–	60	459
Independent non-executive directors (Note c)					
Mr. Khoo Chee Siang *(Note e)*	30	–	–	–	30
Mr. Ooi Guan Hoe *(Note d)*	30	–	–	–	30
Datuk Tan Teow Choon *(Note e)*	30	–	–	–	30
Mr. Ngai Wah Sang *(Note e)*	30	–	–	–	30
Ms. Tiong Hui Ling *(Note e)*	30	–	–	–	30
	438	2,319	–	427	3,184

Notes:

(a) The emoluments were for their services in connection with management of affairs of the Group.

(b) SB Soon is an executive director, chairman and chief executive officer of the Company.

(c) The emoluments were for their services as directors of the Company.

(d) Mr. Ooi Guan Hoe appointed as an independent non-executive director of the Company on 14 July 2022 and resigned on 1 June 2023.

(e) They appointed as independent non-executive directors of the Company on 14 July 2022.

During the years ended 31 December 2023 and 2022, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2023 and 2022 is as follows:

	Number of individuals	
	2023	2022
Director	**3**	3
Non-director	**2**	2
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2023	2022
	RM'000	RM'000
Salaries, discretionary bonus, allowances and other benefits in kind	**543**	702
Contributions to defined contribution plans	**74**	107
	617	809

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	2023	2022
Nil to HK$1,000,000	**2**	2

During the years ended 31 December 2023 and 2022, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

9. TAXATION

	2023 RM'000	2022 RM'000
Current tax		
Malaysia corporate income tax ("**Malaysia CIT**")	9,740	12,838
Deferred tax *(Note 23)*		
Changes in temporary differences	(114)	(80)
Total income tax expenses for the year	9,626	12,758

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the years ended 31 December 2023 and 2022.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

Malaysia CIT is calculated at 24% (2022: 24%) of the estimated assessable profits for the year ended 31 December 2023. Malaysia incorporated entities with paid-up capital of RM2.5 million (2022: RM2.5 million) or less and having annual sales of not more than RM50 million enjoy tax rate of 15% (2022: 17%) on the first RM150,000 (2022: RM600,000), 17% from RM150,001 to RM600,000 (2022: Nil) and remaining balance of the estimated assessable profits at tax rate of 24% (2022: 24%) for the year ended 31 December 2023.

During the year ended 31 December 2023, one of the Group subsidiaries, SCC Logistics Sdn. Bhd., has been granted an economic regional special incentive issued by the relevant government authority in Malaysia. Subject to this incentive, SCC Logistics Sdn. Bhd. is eligible for exemption from 70% of its chargeable income on eligible activities.

Reconciliation of income tax expenses

	2023 RM'000	2022 RM'000
Profit before tax	36,742	39,545
Income tax at statutory tax rate applicable in respective territories	8,818	9,491
Non-deductible expenses	1,963	3,360
Tax exempt revenue	(358)	(1)
Tax concessions	(890)	(77)
Others	93	(15)
Income tax expenses	9,626	12,758

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

	2023 **RM'000**	2022 RM'000
Profit for the year attributable to owners of the Company, used in basic and diluted earnings per share calculation	**27,116**	26,787

Number of shares:	**'000**	'000
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	**1,000,150**	823,427

The calculation of basic and diluted earnings per share is based on the profit attributable to owners of the Company and the weighted average of ordinary shares in issue during the year ended 31 December 2023.

For the year ended 31 December 2022, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share were on the basis as if the reorganisation for the Listing and Capitalisation Issue *(as defined in Note 24)* had been effective on 1 January 2022.

Diluted earnings per share are same as the basic earnings per share as there are no potential dilutive ordinary shares in existence for the years ended 31 December 2023 and 2022.

11. DIVIDENDS

	2023 **RM'000**	2022 RM'000
Special dividends declared to the owners of the Company HK$0.023 (2022: Nil) per ordinary share	**13,702**	–

On 30 June 2023, the directors of the Company announced that it had resolved to declare the payment of a special dividend to the shareholders whose names appear on the Company's register of members at the close of business on 17 July 2023. The dividend payables were fully settled on 14 August 2023 by cash.

12. SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company 2023	Attributable equity interest held by the Company 2022	Principal activities/ place of operation
Directly held						
SCC Holdings Limited ("**SCC Holdings**")	The BVI	27 December 2018	United States Dollars ("**US$**")1	**100%**	100%	Investment holding/The BVI
Indirectly held						
Swang Chai Chuan Holding Sdn. Bhd.	Malaysia	17 December 2018	RM100	**100%**	100%	Investment holding/Malaysia
Swang Chai Chuan (HK) Limited	Hong Kong	29 January 2019	HK$1	**100%**	100%	Dormant/Hong Kong
Swang Chai Chuan Sdn. Bhd.	Malaysia	28 March 1995	RM1,500,000	**100%**	100%	Distribution and sales of F&B products/Malaysia
Swang Chai Chuan Seafood Sdn. Bhd.	Malaysia	26 October 1998	RM1,500,000	**100%**	100%	Distribution and sales of frozen seafood and meat products/Malaysia
SCC Marketing (Pahang) Sdn. Bhd.	Malaysia	18 June 1996	RM500,000	**100%**	100%	Distribution and sales of fast-moving consumer goods/Malaysia
SCC Marketing (East Coast) Sdn. Bhd.	Malaysia	14 August 2000	RM50,000	**100%**	100%	Marketing and distribution and sales of F&B products/Malaysia
SCC Marketing (M) Sdn. Bhd.	Malaysia	10 November 2003	RM1,000,000	**100%**	100%	Packaging, processing, marketing and distribution and sales of F&B products/ Malaysia
Chop Chin Huat Sendirian Berhad	Malaysia	12 January 1989	RM500,000	**100%**	100%	Distribution and sales of F&B products/Malaysia
SCC Logistics Sdn. Bhd.	Malaysia	14 January 2013	RM500,000	**100%**	100%	Provision of cold room facilities and transportation services/ Malaysia

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Furniture, fixtures and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Reconciliation of carrying amount – year ended 31 December 2022							
At 1 January 2022	10,519	11,593	127	5,971	778	3,333	32,321
Additions	4,998	–	666	1,693	583	2,187	10,127
Disposals	–	–	–	(13)	(2)	(72)	(87)
Depreciation	–	(289)	(147)	(1,343)	(229)	(1,073)	(3,081)
At 31 December 2022	15,517	11,304	646	6,308	1,130	4,375	39,280
Reconciliation of carrying amount – year ended 31 December 2023							
At 1 January 2023	15,517	11,304	646	6,308	1,130	4,375	39,280
Additions	–	–	–	2,054	1,419	2,907	6,380
Disposals	–	–	–	–	(51)	–	(51)
Depreciation	–	(289)	(221)	(1,768)	(526)	(1,112)	(3,916)
At 31 December 2023	15,517	11,015	425	6,594	1,972	6,170	41,693
At 31 December 2022							
Cost	15,517	13,873	1,477	14,372	3,382	14,767	63,388
Accumulated depreciation	–	(2,569)	(831)	(8,064)	(2,252)	(10,392)	(24,108)
Net carrying amounts	15,517	11,304	646	6,308	1,130	4,375	39,280
At 31 December 2023							
Cost	15,517	13,873	1,477	16,426	4,670	21,917	73,880
Accumulated depreciation	–	(2,858)	(1,052)	(9,832)	(2,698)	(15,747)	(32,187)
Net carrying amounts	15,517	11,015	425	6,594	1,972	6,170	41,693

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of the Group's property, plant and equipment pledged to secure banking facilities *(Note 21)* at 31 December 2023 and 2022 are as follows:

	Freehold land RM'000	Buildings RM'000
Pledged to secure banking facilities		
At 31 December 2022	14,058	10,811
At 31 December 2023	**14,058**	**10,641**

14. RIGHT-OF-USE ASSETS

	Leasehold lands and buildings RM'000	Leased properties RM'000	Motor vehicles RM'000	Total RM'000
Reconciliation of carrying amount – year ended 31 December 2022				
At 1 January 2022	6,041	1,070	2,351	9,462
Additions	10,544	–	–	10,544
Depreciation	(209)	(605)	(597)	(1,411)
Written off	–	–	(604)	(604)
At 31 December 2022	16,376	465	1,150	17,991
Reconciliation of carrying amount – year ended 31 December 2023				
At 1 January 2023	**16,376**	**465**	**1,150**	**17,991**
Additions	**452**	**4,172**	**660**	**5,284**
Depreciation	**(496)**	**(1,191)**	**(475)**	**(2,162)**
At 31 December 2023	**16,332**	**3,446**	**1,335**	**21,113**
At 31 December 2022				
Cost	18,489	1,780	6,082	26,351
Accumulated depreciation	(2,113)	(1,315)	(4,932)	(8,360)
Net carrying amounts	16,376	465	1,150	17,991
At 31 December 2023				
Cost	**18,941**	**4,172**	**2,499**	**25,612**
Accumulated depreciation	**(2,609)**	**(726)**	**(1,164)**	**(4,499)**
Net carrying amounts	**16,332**	**3,446**	**1,335**	**21,113**

14. RIGHT-OF-USE ASSETS (continued)

The Group leases various properties and motor vehicles for its daily operations, the initial lease terms range from 3 to 10 years during the years ended 31 December 2023 and 2022. The leasehold lands and buildings represent lump sum considerations paid by the Group, which are with initial lease period range from 35 to 93 years and there are no ongoing payments to be made under the terms of the land leases.

The Group's leasehold lands and buildings with a total carrying amount of approximately RM14,852,000 at 31 December 2023 (2022: RM4,131,000), were pledged to secure bank facilities (Note 21) granted to the Group.

The Group's motor vehicles with a total carrying amount of approximately RM1,335,000 at 31 December 2023 (2022: RM1,150,000), were pledged to secure the lease liabilities (Note 22).

Extension and termination options

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties is normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant cost or acquisition of a new property. The Group seldom exercises options that were not included in the lease liabilities. During the year ended 31 December 2023, certain lease contracts for leased properties containing an extension or termination option, in which the total lease payment made amounted to approximately RM1,206,000 (2022: RM1,817,000) representing the total cash outflows for lease during the year ended 31 December 2023.

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Commitments under leases

At 31 December 2023, the Group was committed to short-term leases or low-value asset leases of approximately RM32,000 (2022: RM168,000).

15. INVESTMENT IN AN ASSOCIATE

	2023 **RM'000**	2022 RM'000
Unlisted entity, share of net assets	**43**	226

15. INVESTMENT IN AN ASSOCIATE (continued)

Details of the associate at the end of each reporting period are as follows:

Name of the associate	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			2023	2022	
KARABAO MARKETING (M) SDN. BHD. ("**KARABAO**")	Malaysia	RM500,000	40%	40%	Trading of beverages/ Malaysia

KARABAO is a private company and there is no quoted market price available for its shares.

During the year ended 31 December 2022, the Group acquired 40% equity interest in KARABAO at a cash consideration of RM199,999.

The Group's management has assessed the level of influence that the Group exercises on KARABAO during the years ended 31 December 2023 and 2022, and determined that it has significant influence thereon through a board representation and other arrangements made. Consequently, this investment has been classified as an investment in an associate.

Summarised financial information of KARABAO is set out below, which represents amounts shown in the KARABAO's financial statements and adjusted by the Group for equity accounting purposes.

	2023 RM'000	2022 RM'000
Summarised income statements		
Administrative and other operating expenses	(1,401)	(1,336)
Loss and total comprehensive loss for the year	(459)	(314)
Summarised balance sheet		
Current liabilities	(700)	(242)
Shareholder's (deficit) equity	(674)	216

16. INVENTORIES

	2023 RM'000	2022 RM'000
Raw materials	1,668	2,545
Finished goods	90,170	100,085
	91,838	102,630
Less: Write-down provision	(3,900)	(4,732)
	87,938	97,898

17. TRADE AND OTHER RECEIVABLES

	Note	2023 RM'000	2022 RM'000
Trade receivables			
From related companies	*17(a)*	510	982
From third parties		120,617	120,100
		121,127	121,082
Less: Loss allowances	*29*	(4,892)	(3,807)
	17(b)	116,235	117,275
Other receivables			
Deposits paid to suppliers		3,761	4,539
Deposits paid for acquisition of computer software *(Note i)*		41	1,428
Marketing expenses receivables		5,458	4,545
Other deposits and receivables		759	609
Amount due from the ultimate holding company *(Note ii)*		62	–
Amount due from an associate *(Note ii)*		1,400	665
		11,481	11,786
		127,716	129,061

Notes:

(i) During the year ended 31 December 2023, the supplier has refunded approximately RM1,018,000 to the Group regarding the technical failure on developing the computer software.

(ii) The amounts due from the ultimate holding company and an associate are non-trade in nature, unsecured, interest-free and repayable on demand.

(iii) The Group's other receivables were expected to be received within one year.

17. TRADE AND OTHER RECEIVABLES (continued)

17(a) Trade receivables from related companies

The trade receivables from related companies are unsecured, interest-free and have credit terms up to 60 days from the date of issuance of invoices. No provision has been made for non-repayment of the amounts due during the year ended 31 December 2023 (2022: Nil). The Group does not hold any collateral over these balances.

	Maximum amount outstanding during the year RM'000	Balance at 31 December 2023 RM'000
Alfa Indah (Beserah) Sdn. Bhd. ("**Alfa Indah (Beserah)**") *(Note 17(a)(i))*	333	300
Alfa Indah (Jaya Gading) Sdn. Bhd. ("**Alfa Indah (Jaya Gading)**") *(Note 17(a)(ii))*	164	132
Golden Empire Palace Restaurant Sdn. Bhd. ("**Golden Empire**") *(Note 17(a)(ix))*	3	2
Just Relax Restaurant *(Note 17(a)(iii))*	51	38
Owl Café *(Note 17(a)(iii))*	28	20
Pak Su Seafood Restaurant Sdn. Bhd. ("**Pak Su Seafood**") *(Note 17(a)(iv))*	12	8
The Eight Th *(Note 17(a)(vii))*	12	10
	603	510

17. TRADE AND OTHER RECEIVABLES (continued)

17(a) Trade receivables from related companies (continued)

	Maximum amount outstanding during the year ended 31 December 2022 RM'000	Balance at 31 December 2022 RM'000
Alfa Indah (Beserah) *(Note 17(a)(i))*	328	294
Alfa Indah (Jaya Gading) *(Note 17(a)(ii))*	162	134
Golden Empire *(Note 17(a)(ix))*	5	1
JR Grill & Bistro *(Note 17(a)(iii))*	5	5
Just Relax Restaurant *(Note 17(a)(iii))*	56	49
Megamart Sdn. Bhd. ("**Megamart**") *(Note 17(a)(vi))*	920	446
Mega Jaya Seafood Sdn. Bhd. ("**Mega Jaya Seafood**") *(Note 17(a)(v))*	4	–
Owl Café *(Note 17(a)(iii))*	31	27
Pak Su Seafood *(Note 17(a)(iv))*	22	12
The Eight Th *(Note 17(a)(vii))*	14	14
The Nine Th *(Note 17(a)(viii))*	3	–*
The 12 Th Kitchen & Bistro ("**The 12 Th**") *(Note 17(a)(viii))*	–*	–*
The 13 Th Kitchen & Bistro ("**The 13 Th**") *(Note 17(a)(viii))*	–*	–*
	1,550	982

* Represent amounts less than RM1,000

17. TRADE AND OTHER RECEIVABLES (continued)

17(a) Trade receivables from related companies (continued)

Notes:

(i) At 31 December 2023 and 2022, 16.67% equity interests of Alfa Indah (Beserah) was held by SB Soon.

(ii) At 31 December 2023 and 2022, 15% equity interests of Alfa Indah (Jaya Gading) was held by SB Soon.

(iii) At 31 December 2023 and 2022, CA Soon, and his spouse, Ms. Ng Kar Wei ("**KW Ng**") were the partners of Just Relax Restaurant, Owl Café and JR Grill & Bistro.

(iv) At 31 December 2023 and 2022, 80% and 20% equity interests of Pak Su Seafood was held by the Ultimate Controlling Party and Lim Tau Hong ("**TH Lim**"), respectively.

(v) At 31 December 2022, 50% equity interests of Mega Jaya Seafood was held by SL Soon.

(vi) At 31 December 2023 and 2022, 25%, 26% and 49% equity interests of Megamart were held by SB Soon, TH Lim, who is the spouse of LS Soon, and Mack Food Pte Ltd., which equity interests are equally held by SB Soon and TH Lim, respectively.

(vii) At 31 December 2023 and 2022, CA Soon and SL Soon were the partners of The Eight Th.

(viii) At 31 December 2023 and 2022, CA Soon and KW Ng, who is the spouse of CA Soon, were the partners of The Nine Th, The 12 Th and The 13 Th respectively.

(ix) At 31 December 2023 and 2022, 1% and 8% equity interests of Golden Empire was held by SL Soon and TH Lim, respectively.

17. TRADE AND OTHER RECEIVABLES (continued)

17(b) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	2023 RM'000	2022 RM'000
Within 30 days	**63,635**	68,690
31 to 60 days	**39,768**	37,118
61 to 90 days	**11,035**	9,670
Over 90 days	**1,797**	1,797
	116,235	117,275

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	2023 RM'000	2022 RM'000
Not yet past due	**65,260**	70,300
Past due:		
Within 30 days	**39,364**	37,094
31 to 60 days	**10,032**	8,683
61 to 90 days	**1,579**	1,198
	50,975	46,975
	116,235	117,275

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

17(c) Information about the Group's exposure to credit risks and loss allowances for trade and other receivables is included in Note 29.

18. FIXED DEPOSITS WITH LICENSED BANKS

	2023 RM'000	2022 RM'000
Fixed deposits – pledged	**7,127**	13,948
Fixed deposits – non-pledged	**15,239**	45,313
	22,366	59,261

The carrying amounts of fixed deposits with licensed banks are denominated in the following currencies:

	2023 RM'000	2022 RM'000
RM	**22,366**	30,868
HK$	**–**	28,393
	22,366	59,261

At 31 December 2023 and 2022, pledged bank deposits are bank deposits which are pledged as securities in favour of banks for banking facilities granted *(Note 21)*.

The fixed deposits with licensed banks generally have maturity periods over three months but less than one year and bearing annual interest rates ranging from approximately 1.40% to 4.0% (2022: 0.21% to 4.0%) for the year ended 31 December 2023.

19. BANK BALANCES AND CASH

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of bank balances and cash are denominated in the following currencies:

	2023 RM'000	2022 RM'000
RM	**25,249**	17,583
Australian Dollars ("**AUD**")	**1,567**	1,500
US$	**6**	6
HK$	**18,347**	3,937
	45,169	23,026

20. TRADE AND OTHER PAYABLES

	Note	2023 RM'000	2022 RM'000
Trade payables			
To third parties	*20(a)*	**52,337**	60,462
Other payables			
Contract liabilities – Marketing Incentives	*20(b)*	**4,579**	5,978
Contract liabilities – receipts in advance	*20(c)*	**1,108**	–
Salary payables		**2,933**	5,458
Other accruals and other payables *(Note)*		**4,318**	7,509
Rental and other deposits		**185**	271
		13,123	19,216
		65,460	79,678

Note:

The amount at 31 December 2023 included payables of approximately RM1,598,000 (2022: RM1,750,000) for addition of property, plant and equipment *(Note 28(a)(ii))*.

20(a) Trade payables

The trade payables are interest-free and with normal credit terms up to 60 days.

As at 31 December 2023, the carrying amounts of trade payables are denominated in AUD, Euro ("**EUR**"), Thai Baht ("**THB**"), US$ and Renminbi ("**RMB**") of approximately RM527,000 (2022: RM1,668,000), RM316,000 (2022: RM2,575,000), RM913,000 (2022: RM1,045,000), RM203,000 (2022: RM1,647,000) and RM77,000 (2022: Nil), respectively.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2023 RM'000	2022 RM'000
Within 30 days	**27,009**	36,722
31 to 60 days	**23,362**	22,730
61 to 90 days	**1,053**	847
Over 90 days	**913**	163
	52,337	60,462

20. TRADE AND OTHER PAYABLES (continued)

20(b) Contract liabilities – Marketing Incentives

The balance represented accumulated unused obligations on the Marketing Incentives offered to customers at the end of each reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of such contract liabilities within IFRS 15 are as follows:

	2023 RM'000	2022 RM'000
At the beginning of the reporting period	**5,978**	7,032
Additions	**4,579**	5,978
Revenue recognised for the reporting period *(Note 4)*	**(5,978)**	(7,032)
At the end of the reporting period	**4,579**	5,978

The contract liabilities of approximately RM4,579,000 (2022: RM5,978,000) at 31 December 2023, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price of approximately RM4,579,000 (2022: RM5,978,000) at 31 December 2023, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

20(c) Contract liabilities – receipts in advance

The balance represented receipts in advance with customers at the end of each reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of such contract liabilities within IFRS 15 are as follows:

	2023 RM'000	2022 RM'000
At the beginning of the reporting period	**–**	–
Additions	**1,108**	–
At the end of the reporting period	**1,108**	–

The contract liabilities of approximately RM1,108,000 (2022: Nil) at 31 December 2023, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price of approximately RM1,108,000 (2022: Nil) at 31 December 2023, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

21. INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	2023 RM'000	2022 RM'000
Interest-bearing borrowings – secured		
– Current portion	**27,155**	48,721
– Non-current portion	**22,583**	14,548
	49,738	63,269
Carrying amounts of the above borrowings are repayable:		
Within one year	**27,155**	48,721
More than one year, but not exceeding two years	**2,491**	2,499
More than two years, but not exceeding five years	**8,633**	6,967
Over five years	**11,459**	5,082
	49,738	63,269
Less: amounts shown under current liabilities	**(27,155)**	(48,721)
Amounts shown under non-current liabilities	**22,583**	14,548

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 31 December 2023, the secured bank borrowings carried weighted average effective interest rate of approximately 4.00% per annum (2022: 3.61% per annum).

21. INTEREST-BEARING BORROWINGS (continued)

The interest-bearing borrowings are secured by:

(i) guarantees provided by the Ultimate Controlling Party at 31 December 2023 and 2022;

(ii) guarantees provided by the government of Malaysia at 31 December 2022;

(iii) properties owned by the related party, the parents of the Ultimate Controlling Party at 31 December 2023 and 2022;

(iv) certain property, plant and equipment with aggregate net carrying amounts of approximately RM24,699,000 at 31 December 2023 (2022: RM24,869,000), as set out in Note 13;

(v) certain right-of-use assets with aggregate net carrying amounts of approximately RM14,852,000 at 31 December 2023 (2022: RM4,131,000), as set out in Note 14; and

(vi) pledged bank deposits with carrying amounts of approximately RM7,127,000 at 31 December 2023 (2022: RM13,948,000), as set out in Note 18.

All banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2023 and 2022, none of the covenants relating to drawn down facilities had been breached.

Subsequent to 31 December 2023, the abovementioned guarantees provided by the Ultimate Controlling Party and pledged properties provided by related parties were released and replaced by corporate guarantees provided by the Company.

22. LEASE LIABILITIES

	2023 RM'000	2022 RM'000
Current portion	**1,764**	10,457
Non-current portion	**3,410**	771
	5,174	11,228

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	2023 RM'000	2022 RM'000	**2023 RM'000**	2022 RM'000
Amounts payable:				
Within one year	**1,772**	10,465	**1,764**	10,457
In the second to fifth years inclusive	**2,828**	810	**2,656**	771
Over five years	**855**	–	**754**	–
	5,455	11,275	**5,174**	11,228
Less: future finance charges	**(281)**	(47)	**–**	–
Total lease liabilities	**5,174**	11,228	**5,174**	11,228

The total cash outflows for leases for the year ended 31 December 2023 was approximately RM11,298,000 of which RM9,450,000 was related to settle the remaining consideration of a leasehold land and building acquired during the year ended 31 December 2022. The total cash outflows for leases for the year ended 31 December 2022 was approximately RM1,930,000.

The lease liabilities are secured by certain right-of-use assets with aggregate net carrying amount of approximately RM1,335,000 at 31 December 2023 (2022: RM1,150,000), as set out in Note 14.

At 31 December 2023, the weighted average effective interest rate of the lease liabilities of the Group was approximately 4.78% (2022: 4.36%) per annum.

23. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated financial statements, the following is the analysis of the deferred taxation:

	2023 RM'000	2022 RM'000
Deferred tax assets	2,542	2,352
Deferred tax liabilities	(1,166)	(1,090)
	1,376	1,262

The movements in the Group's deferred tax assets (liabilities) for the reporting periods were as follows:

	Provision for impairment allowances for trade and other receivables RM'000	Marketing Incentives/ accrued revenue and costs RM'000	Accelerated tax depreciation RM'000	Total RM'000
At 1 January 2022	641	1,687	(1,146)	1,182
Income tax credit (expenses)	272	(248)	56	80
At 31 December 2022	913	1,439	(1,090)	1,262
At 1 January 2023	913	1,439	(1,090)	1,262
Income tax credit (expenses)	260	(70)	(76)	114
At 31 December 2023	1,173	1,369	(1,166)	1,376

24. SHARE CAPITAL

	Note	Number of shares '000	HK$'000	Equivalent to approximately RM'000
Ordinary share of HK$0.01 each				
Authorised:				
At 1 January 2022		38,000	380	197
Increase on 14 July 2022	*24(a)*	1,462,000	14,620	8,277
At 31 December 2022, **1 January 2023 and 31 December 2023**		**1,500,000**	**15,000**	**8,474**
Issued and fully paid:				
At 1 January 2022		–*	–*	–*
Issue of shares pursuant to the Capitalisation Issue	*24(b)*	723,000	7,230	4,125
Issue of shares pursuant to the Global Offering	*24(c)*	241,000	2,410	1,375
Issue of shares pursuant to the Over-allotment option	*24(d)*	36,150	362	207
At 31 December 2022, **1 January 2023 and 31 December 2023**		**1,000,150**	**10,002**	**5,707**

* Represent amounts less than RM1,000

(a) On 14 July 2022, the authorised share capital of the Company was increased from HK$380,000 to HK$15,000,000 by the creation of an additional 1,462,000,000 shares of HK$0.01 each, such shares shall rank pari passu in all aspect.

(b) Pursuant to the resolutions in writing of the Company's shareholders passed on 14 July 2022, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares under the Listing, the directors of the Company were authorised to allot and issue a total of 722,999,800 shares of HK$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$7,229,998 (equivalent to approximately RM4,125,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 19 August 2022.

(c) On 19 August 2022, the shares of the Company were listed on the Main Board of the Stock Exchange and 241,000,000 new ordinary shares with par value of HK$0.01 per share were issued at HK$0.56 per share by way of global offering (the "**Global offering**"). The gross proceeds from the Global Offering amounted to HK$134,960,000 (equivalent to approximately RM76,996,000).

(d) On 9 September 2022, 36,150,000 new ordinary shares with par value of HK$0.01 per share of the Company were issued at a price of HK$0.56 per share upon full exercise of the over-allotment option (the "**Over-allotment**"). The gross proceeds from the Over-allotment amounted to HK$20,244,000 (equivalent to approximately RM11,625,000).

(e) The expenses attributable to issue of new shares under the Global offering and the Over-allotment of approximately RM11,858,000 have been recognised in the share premium account within equity of the Company.

25. RESERVES

25(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

25(b) Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the Group's subsidiaries less consideration paid to acquire the relevant interests (if any).

25(c) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for consolidation and the Company's financial statements to the presentation currency.

26. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to the written resolutions of the shareholders passed on 14 July 2022.

Under the Scheme, the Board of Directors (the "**Board**") may at its discretion offer to any individual who is an employee of the Group (including directors) or any entity in which the Company holds any equity interest and such other persons (the "**Participants**") in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 17 of the Listing Rules. The principal purposes of the Scheme are to recognise and acknowledge the contributions made by the Participants, to attract skilled and experienced personnel, to incentivise them to remain with the Company and to motivate them to strive for the future development and expansion of the Group. The Scheme commenced on 14 July 2022 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

26. SHARE OPTION SCHEME (continued)

Share options granted under the Scheme where applicable to a director, chief executive, substantial shareholder or management shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive directors who are the prospective grantees in question). In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK$1 is payable on acceptance of the grant of an option under the Scheme where applicable.

The subscription price for the shares subject to options will be a price determined by the Board and notified to each Participant and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

No option has been granted or exercised under the Scheme during the years ended 31 December 2023 and 2022.

27. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, further information of the related party transactions for the reporting periods is set out below.

27(a) Related party transactions of the Group:

	Note	2023 RM'000	2022 RM'000
Revenue arising from distribution and sales of F&B			
Alfa Indah (Beserah)	*17(a)(i)*	**1,613**	1,497
Alfa Indah (Jaya Gading)	*17(a)(ii)*	**827**	846
Golden Empire	*17(a)(ix)*	**19**	19
JR Grill & Bistro	*17(a)(iii)*	**4**	8
Just Relax Restaurant	*17(a)(iii)*	**267**	307
Mega Jaya Seafood	*17(a)(v)*	**–**	4
Megamart	*17(a)(vi)*	**7,814**	6,466
Owl Café	*17(a)(iii)*	**118**	150
Pak Su Seafood	*17(a)(iv)*	**82**	123
The Eight Th	*17(a)(vii)*	**58**	70
The Nine Th	*17(a)(viii)*	**1**	2
The 12 Th	*17(a)(viii)*	**1**	1
Sales and marketing expenses			
Alfa Indah (Beserah)	*17(a)(i)*	**(20)**	(11)
Alfa Indah (Jaya Gading)	*17(a)(ii)*	**(8)**	(9)
Megamart	*17(a)(vi)*	**(53)**	(17)

27. RELATED PARTY TRANSACTIONS (continued)

27(b) Remuneration for key management personnel (including directors) of the Group:

	2023 RM'000	2022 RM'000
Salaries, discretionary bonus, allowances and other benefits in kind	**5,278**	3,310
Contributions to defined contribution plans	**783**	534
	6,061	3,844

Further details of the directors' remuneration are set out in Note 7.

28. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

28(a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

(i) During the year ended 31 December 2023, the Group entered into lease arrangements in respect of leased assets with a total capital value at the inception of leases of approximately RM4,832,000 (2022: RM9,450,000).

(ii) During the year ended 31 December 2023, the Group recognised payables of approximately RM1,598,000 (2022: RM1,750,000) to the vendor for addition of property, plant and equipment *(Note 20)*.

28. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

28(b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2023 and 2022 in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2023 RM'000	Net cash outflow RM'000	Non-cash changes: Addition of right-of-use assets RM'000	Non-cash changes: Dividends declaration RM'000	At 31 December 2023 RM'000
Year ended 31 December 2023					
Interest-bearing borrowings	63,269	(13,531)	–	–	49,738
Lease liabilities	11,228	(10,886)	4,832	–	5,174
Dividends payable	–	(13,702)	–	13,702	–
Total liabilities from financing activities	74,497	(38,119)	4,832	13,702	54,912

	At 1 January 2022 RM'000	Net cash inflow (outflow) RM'000	Non-cash changes: Addition of right-of-use assets RM'000	Non-cash changes: Dividends declaration RM'000	At 31 December 2022 RM'000
Year ended 31 December 2022					
Interest-bearing borrowings	41,315	21,954	–	–	63,269
Lease liabilities	3,392	(1,614)	9,450	–	11,228
Due to the Ultimate Controlling Party	2,430	(2,430)	–	–	–
Total liabilities from financing activities	47,137	17,910	9,450	–	74,497

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise, fixed deposits with licenced banks, bank balances and cash, interest-bearing borrowings and lease liabilities. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing borrowings with floating interest rates of approximately RM24,988,000 (2022: RM16,854,000) at 31 December 2023. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at 31 December 2023 and 2022.

If interest rates had been 1% (2022: 1%) higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM250,000 (2022: RM169,000) during the year end 31 December 2023.

The sensitivity analysis has been assuming that the changes in interest rates had occurred at the beginning of the reporting period and had been applied to the Group's exposure of interest rate risk for financial instruments in existence at the end of the reporting period and all other variables remain constant.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2023 and 2022.

In addition, the Group's financial liabilities measured at amortised cost are considered not to materially expose to fair value interest rate risk at the end of each reporting period.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group's transactions are mainly denominated in RM.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2023	2022	**2023**	2022
	RM'000	RM'000	**RM'000**	RM'000
AUD	**1,567**	1,500	**(527)**	(1,668)
EUR	**–**	–	**(316)**	(2,575)
THB	**–**	–	**(913)**	(1,045)
US$	**6**	6	**(203)**	(1,647)
RMB	**–**	–	**(77)**	–
HK$	**18,347**	3,937	**–**	–

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of RM had changed against the above foreign currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	2023		2022	
	Increase (decrease) in foreign exchange rates	Effect on pre-tax results RM'000	Increase (decrease) in foreign exchange rates	Effect on pre-tax results RM'000
AUD	10%	(104)	10%	17
	(10%)	104	(10%)	(17)
EUR	10%	32	10%	258
	(10%)	(32)	(10%)	(258)
THB	10%	91	10%	104
	(10%)	(91)	(10%)	(104)
US$	10%	20	10%	164
	(10%)	(20)	(10%)	(164)
RMB	10%	8	10%	–
	(10%)	(8)	(10%)	–
HK$	10%	(1,835)	10%	(394)
	(10%)	1,835	(10%)	394

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2023 and 2022.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The carrying amount of financial assets recognised on the consolidated financial statements, which is net of impairment loss allowances, represents the Group's exposure to credit risk on these financial assets without taking into account the credit enhancements.

	2023 RM'000	2022 RM'000
Trade and other receivables	**127,716**	129,061
Fixed deposits with licensed banks	**22,366**	59,261
Bank balances and cash	**45,169**	23,026
	195,251	211,348

Trade receivables

The Group trades only with recognised, creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and region in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 December 2023, the Group had a concentration of credit risk as approximately 6% (2022: 6%) of the total trade receivables was due from the Group's largest trade debtor, and approximately 19% (2022: 25%) of the total trade receivables was due from the Group's five largest trade debtors.

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at the end of each reporting period and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past periods and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the during the years ended 31 December 2023 and 2022.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables (continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised as follows:

At 31 December 2023

	Expected credit loss rate (approximately) %	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000	Credit-impaired
Not yet past due	–	65,260	–	65,260	No
1 to 30 days past due	6	41,877	(2,513)	39,364	No
31 to 60 days past due	7	10,787	(755)	10,032	No
61 to 90 days past due	20	1,974	(395)	1,579	No
Over 90 days past due	100	1,229	(1,229)	–	Yes
		121,127	(4,892)	116,235	

At 31 December 2022

	Expected credit loss rate (approximately) %	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000	Credit-impaired
Not yet past due	–	70,300	–	70,300	No
1 to 30 days past due	6	39,461	(2,367)	37,094	No
31 to 60 days past due	7	9,337	(654)	8,683	No
61 to 90 days past due	20	1,497	(299)	1,198	No
Over 90 days past due	100	487	(487)	–	Yes
		121,082	(3,807)	117,275	

The Group does not hold any collateral over trade receivables at 31 December 2023 (2022: Nil).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables (continued)

At 31 December 2023, the Group recognised the loss allowances of approximately RM4,892,000 (2022: RM3,807,000) on the trade receivables. The movement in the loss allowances for trade receivables during the years ended 31 December 2023 and 2022 is summarised below.

	2023 RM'000	2022 RM'000
At the beginning of the reporting period	3,807	2,673
Increase in allowances	4,892	2,392
Decrease in allowances	(3,807)	(1,258)
At the end of the reporting period	4,892	3,807

For the years ended 31 December 2023 and 2022, bad debts written off directly to profit or loss of approximately RM281,000 and RM159,000, respectively, are still subject to enforcement activity. During the year ended 31 December 2023, approximately RM153,000 was recovered (2022: Nil) in relation to the bad debts written off in previously periods.

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the loss allowance:

(a) changes because of financial instruments originated, acquired and derecognised (including those that were written-off) during the period; and

(b) modification of contractual cash flows on trade receivables that do not result in the derecognition of those trade receivables.

Other financial assets carried at amortised costs

The Group's other financial assets carried at amortised costs include fixed deposits with licenced banks, bank balances and cash and other receivables in the consolidated statement of financial position.

The Group's fixed deposits with licenced banks and bank balances are deposited in financial institutions which are of high credit rating. The management of the Group does not expect any losses arising from non-performance by these counterparties. The management of the Group considers that the other receivables have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Loss allowances on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Other financial assets carried at amortised costs (continued)

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past 3 years and the financial position of the counterparties, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be negligible after taking into account the financial position, credit quality and past settlement records of the counterparties.

There was no change in the estimation techniques or significant assumptions made during years ended 31 December 2023 and 2022.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount RM'000	Total contractual undiscounted cash flow RM'000	On demand or less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
At 31 December 2023						
Trade and other payables	**59,773**	**59,773**	**59,773**	**–**	**–**	**–**
Interest-bearing borrowings	**49,738**	**56,153**	**28,088**	**3,339**	**10,917**	**13,809**
Lease liabilities	**5,174**	**5,455**	**1,772**	**1,322**	**1,506**	**855**
	114,685	**121,381**	**89,633**	**4,661**	**12,423**	**14,664**
At 31 December 2022						
Trade and other payables	73,700	73,700	73,700	–	–	–
Interest-bearing borrowings	63,269	68,352	49,880	3,721	8,327	6,424
Lease liabilities	11,228	11,275	10,465	810	–	–
	148,197	153,327	134,045	4,531	8,327	6,424

Fair value measurement

All financial assets and financial liabilities are carried at amounts not materially different from their fair value at 31 December 2023 and 2022.

30. COMMITMENTS

Commitments under operating leases

The Group as lessor

The Group leases out its properties under operating leases with initial lease terms ranging from 1 to 7.5 years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2023 RM'000	2022 RM'000
Within one year	96	34
In the second year	48	24
In the third year	32	–
In the fourth year	32	–
In the fifth year	32	–
Over five years	65	–
	305	58

31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The statement of financial position of the Company and the movement in its reserve is set out below:

	Note	2023 RM'000	2022 RM'000
Non-current asset			
Investment in a subsidiary	*32(a)*	–*	–*
Current assets			
Other deposits and receivables		152	–
Amounts due from subsidiaries	*32(b)*	24,919	31,445
Fixed deposits with licensed banks		–	28,393
Bank balances and cash		18,312	3,903
		43,383	63,741
Current liabilities			
Accrued expenses		1,728	230
		1,728	230
Net current assets		41,655	63,511
NET ASSETS		41,655	63,511
Capital and reserves			
Share capital	*24*	5,707	5,707
Reserves	*32(c)*	35,948	57,804
TOTAL EQUITY		41,655	63,511

* Represent amounts less than RM1,000

The statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by

Soon See Beng
Director

Soon Chiew Ang
Director

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

32(a) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of SCC Holdings.

32(b) Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

32(c) Movement of share capital and reserves

	Share capital RM'000 *(Note 24)*	Share premium RM'000 *(Note 25(a))*	Translation reserve RM'000 *(Note 25(c))*	Accumulated losses RM'000	Total RM'000
At 1 January 2023	5,707	71,056	738	(13,990)	63,511
Loss for the year	–	–	–	(7,926)	(7,926)
Other comprehensive loss:					
Exchange differences on translation	–	–	(228)	–	(228)
Total comprehensive loss for the year	–	–	(228)	(7,926)	(8,154)
Transactions with owners:					
Contributions and distributions					
Dividends *(Note 11)*	–	–	–	(13,702)	(13,702)
Total transactions with owners	–	–	–	(13,702)	(13,702)
At 31 December 2023	5,707	71,056	510	(35,618)	41,655

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

32(c) Movement of share capital and reserves (continued)

	Share capital RM'000 *(Note 24)*	Share premium RM'000 *(Note 25(a))*	Translation reserve RM'000 *(Note 25(c))*	Accumulated losses RM'000	Total RM'000
At 1 January 2022	–*	–	–	(8,179)	(8,179)
Loss for the year	–	–	–	(5,811)	(5,811)
Other comprehensive income (loss):					
Exchange differences on translation	–	–	738	–	738
Total comprehensive income (loss) for the year	–	–	738	(5,811)	(5,073)
Transactions with owners:					
Contributions and distributions					
Issue of shares pursuant to the Capitalisation Issue *(as defined in Note 24(b))*	4,125	(4,125)	–	–	–
Issue of shares pursuant to the Global Offering *(as defined in Note 24(c))*	1,375	75,621	–	–	76,996
Issue of shares pursuant to the over-Allotment option *(as defined in Note 24(d))*	207	11,418	–	–	11,625
Transaction costs attributable to issue of shares *(as defined in Note 24(e))*	–	(11,858)	–	–	(11,858)
Total transactions with owners	5,707	71,056	–	–	76,763
At 31 December 2022	5,707	71,056	738	(13,990)	63,511

* Represents amount less than RM1,000

During the years ended 31 December 2023 and 2022, certain corporate administrative expenses and the expenses for the Listing of the Company were borne by the subsidiaries of the Company without recharge.