

S & F Capital Berhad

200201000757 (568420-K)

SEEKING GREATER
SUCCESS

ANNUAL REPORT **2022**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin
Independent Non-Executive Chairman

Kor Beng
Managing Director

Kor Yann Kae
Executive Director

Kor Yann Shiun
Executive Director

Tan Tai Ming
Non-Independent Non-Executive Director

Arthur Law Hian Tat
Independent Non-Executive Director

AUDIT COMMITTEE

Arthur Law Hian Tat (*Chairman*)
Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin
Tan Tai Ming

NOMINATION COMMITTEE

Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin (*Chairman*)
Arthur Law Hian Tat
Tan Tai Ming

REMUNERATION COMMITTEE

Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin (*Chairman*)
Arthur Law Hian Tat
Tan Tai Ming

COMPANY SECRETARIES

Chong Lay Kim (*LS 0008373*)
(*SSM Practicing Certificate No. 202008001920*)
Yeng Shi Mei (*MAICSA 7059759*)
(*SSM Practicing Certificate No. 202008001282*)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 603-2783 9191
Fax : 603-2783 9111

HEAD OFFICE

Lot 1307, Level 13, Tower 2
Faber Towers
Jalan Desa Bahagia
Taman Desa
58100 Kuala Lumpur
Wilayah Persekutuan
Tel : 603-7982 3366
Fax : 603-7981 2767

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7784 3922
Fax : 603-7784 1988

AUDITORS

Baker Tilly Monteiro Heng PLT (*AF0117*)
201906000600 (*LLP0019411-LCA*)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

PRINCIPAL BANKER

AmBank (M) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : S&FCAP
Stock Code : 8745

WEBSITE

www.snfcapital.com.my

BOARD OF DIRECTORS' PROFILE

TAN SRI (DR) IR. JAMILUS BIN MD. HUSSIN

Independent Non-Executive Chairman

Malaysian | Aged 78 | Male

Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin was appointed as Independent Non-Executive Chairman of S & F Capital Berhad ("S&F Cap") on 25 October 2019. He is also the Chairman of Nomination Committee and Remuneration Committee as well as a member of Audit Committee. He holds a Doctor of Philosophy (Technology Management) (Honoris Causa) from Universiti Utara Malaysia (2010), a Doctor of Philosophy in (Engineering Technology) from Universiti Tun Hussein Onn Malaysia (2018), a Honorary Doctorate in Project Management from Universiti Teknologi Malaysia (2019), a Masters Degree in Geotechnical Engineering from SUNY Buffalo, USA (1978), a Bachelor of Science Degree in Civil Engineering from University of Strathclyde, Glasgow, UK (1973) and a Diploma in Civil Engineering from Technical College, Kuala Lumpur (1967).

He is a recognized personality in the construction industries not only for his experience and technical knowledge but also as one who constantly advocates and dissimilates sound project management practices. One of his outstanding achievement is, as Managing Director of KLIA Berhad, his leadership in harnessing the efforts of a large number of professionals of diverse disciplines to complete the huge technically sophisticated the Kuala Lumpur International Airport (KLIA). Prior to the KLIA project, he has held various key management positions in the Public Works Department, Malaysia: State Director of Pahang, Terengganu and Perak and also Director of the Road Division.

He is currently a Fellow of Institute of Engineers Malaysia (FIEM), and Engineering Professional of Board of Engineer Malaysia (P.Eng), a Fellow of Royal Institute of Chartered Surveyors (FRICS), a Fellow of Institute of Value Management Malaysia (FIVMM), an Honorary FAFEO Asean Engineering, a Member of Road Engineering Malaysia Association of Asia & Australasia, Asean Federation of Engineering Organisation, APEC Engineer, EMF International Engineer and Malaysia Association of Facility Management.

He was also a former academia at Universiti Teknologi Malaysia, his last post being the Department Head for Soil Mechanics and Geology in the Civil Engineering Faculty. He was the Chairman, Board of Directors of Universiti Tun Hussein Onn Malaysia (2009-2018) and still regularly gives talks at seminars locally and abroad. He is also involved with other universities as Adjunct Professor and Industry advisor.

He sits in many governing committees on the construction industry in the country, among them are:

- Chairman, G&P Professionals Sdn. Bhd. (since 2005)
- Independent Director, Phillip Mutual Berhad (since 2004)
- Board Member, KXP Airportcity Holdings Sdn. Bhd. (since 2019)
- Chairman, Construction Industry Development Board, CIDB Malaysia (2006-2010)
- Chairman, Industrialized Building System, CIDB Malaysia (2002-2006)
- Chairman, Mitrajaya Holdings Berhad (2000-2009)
- Panel Member, Board of Engineers Accreditation Committee (2007 to 2012 and since 2018)
- Council Member, Institute of Engineers (2008-2009)
- President, Malaysia Association of Facility Management (MAFM) (2009-2018)
- Past President, Project Management Institute, Malaysian Chapter (2002-2003)
- Adjunct Professor, Jabatan Kejuruteraan Awam & Struktur, Fakulti Kejuruteraan, Universiti Kebangsaan Malaysia (2004-2006)
- Adjunct Professor, Fakulti Kejuruteraan Awam, Universiti Teknologi Mara (2006-2008)
- Adjunct Professor, KLIUC School of Engineering Infrastructure (2007-2009)
- Academic Advisor, Universiti Industri Selangor (2008-2010)
- Panel University Industry Advisor, Universiti Malaysia Kelantan (2008-2013)

BOARD OF DIRECTORS' PROFILE

cont'd

KOR BENG

Managing Director

Malaysian | Aged 68 | Male

Kor Beng, the Managing Director of S&F Cap, was appointed as Executive Director on 22 July 2019. He was re-designated to Managing Director of S&F Cap on 25 October 2019. He holds a Degree in Bachelor of Science in Civil Engineering from National Cheng Kung University, Taiwan. He has more than forty (40) years of experience in the construction business. He is currently a shareholder and director of several private limited companies which are principally involved in the business of civil engineering, building, construction and property development. He has been actively involved in the management and operations of these companies and steered the growth of these companies.

He is not a director of any other public listed company in Malaysia.

KOR YANN KAE

Executive Director

Malaysian | Aged 40 | Male

Kor Yann Kae was appointed as Executive Director of S&F Cap on 25 October 2019. He holds a Doctor of Philosophy (Engineering) degree and a Bachelor of Engineering degree, both from The University of Sydney, Australia.

Since completion of his doctorate studies, he spent five (5) years in Sydney, Australia, working with Caltex Refineries (NSW) Pty Ltd, as a senior process engineer in the Major Projects department, reporting directly to the refinery's engineering manager. Before and after his employment with Caltex, he also worked for the engineering design subsidiary of Transfield Services Ltd and similarly had assumed major roles on various projects across Australia.

During his final years with Caltex, he worked full-time on the project to decommission and convert the Kurnell refinery into Australia's largest fuel import terminal. Despite the complexity of the project, the project was completed ahead of schedule and within the allocated budget, with no incidents.

On January 2016, he returned to Malaysia under Talent Corp's Returning Expert Programme, and joined Soils & Foundations Sdn. Bhd. as a director overseeing a variety of projects in building construction and real estate development. His qualifications and work experiences entitled him to be chartered by The Engineering Council (UK), The Institution of Engineers Australia and Board of Engineers Malaysia.

He is not a director of any other public listed company in Malaysia.

BOARD OF DIRECTORS' PROFILE

cont'd

KOR YANN SHIUN

Executive Director

Malaysian | Aged 37 | Male

Kor Yann Shiun was appointed as Executive Director of S&F Cap on 25 October 2019. He holds a Bachelor Degree in Civil Engineering from University of Sydney, Australia. He began his career working in an international engineering consulting firm, URS Australia ("URS"), as an engineer focusing in projects in the field of geotechnical and civil works. In year 2009, he left URS and joined HAB Construction Sdn. Bhd. ("HAB") in Malaysia, a construction company focusing in constructing high rise buildings across Malaysia as a project manager. During his tenure with HAB, he was involved in the construction of three (3) major high rise buildings in Kuala Lumpur.

In year 2013, he left HAB and joined S & F Construction Sdn. Bhd. where he is currently the director of the company.

He is not a director of any other public listed company in Malaysia.

TAN TAI MING

Non-Independent Non-Executive Director

Malaysian | Aged 36 | Male

Tan Tai Ming was appointed as Non-Independent Non-Executive Director of S&F Cap on 25 October 2019. He is also a member of Audit Committee, Nomination Committee and Remuneration Committee. He holds a Bachelor of Science degree majoring in Economics from the London School of Economics and Political Science, UK. He has accumulated many years of experience working in several areas of financial services and investment banking.

He started with PricewaterhouseCoopers in London as an auditor and upon his return, joined Usaha Tegas Sdn. Bhd. (UTSB) Group of Companies where he was involved in the areas of corporate finance, investor relations and treasury. Subsequently, he went on to join the corporate finance department of OSK Investment Bank, specialising in the areas of mergers and acquisitions (M&A) covering the ASEAN region. Following the merger with RHB Investment Bank, he was attached with the Financial Advisory Unit, covering M&A as well as Corporate and Investment Banking Services for deal origination on a wider range of investment banking transactions and relationship management with clients from small to large corporations over various industry sectors.

He is not a director of any other public listed company in Malaysia.

BOARD OF DIRECTORS' PROFILE

cont'd

ARTHUR LAW HIAN TAT

Independent Non-Executive Director

Malaysian | Aged 69 | Male

Arthur Law Hian Tat was appointed as Independent Non-Executive Director of S&F Cap on 22 October 2020. He is the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee. He holds a Bachelor of Economics degree from Monash University, Australia.

He is an accountant by profession. In his more than forty (40) years of experience as an accountant, he has worked in Malaysia, Australia, Cambodia and Laos. He is a Member of the Malaysian Institute of Accountants and sits on the boards of several private limited companies.

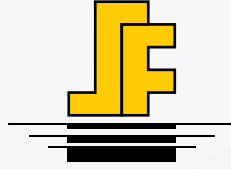
He is not a director of any other public listed company in Malaysia.

Notes:

1. *None of the Directors have been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any penalty by the relevant authorities or regulatory bodies during the financial year ended 30 June 2022.*
2. *Save as disclosed, none of the Directors have any conflicts of interest with the Company.*
3. *Save as disclosed below, none of the Directors have any family relationship with any other Directors and/or major shareholders of S&F Cap:*
 - (i) *Mr. Kor Yann Kae and Mr. Kor Yann Shiun, our Executive Directors are siblings and they are sons to Mr. Kor Beng.*
 - (ii) *Mr. Tan Tai Ming, our Non-Independent Non-Executive Director is son-in-law to Mr. Kor Beng.*

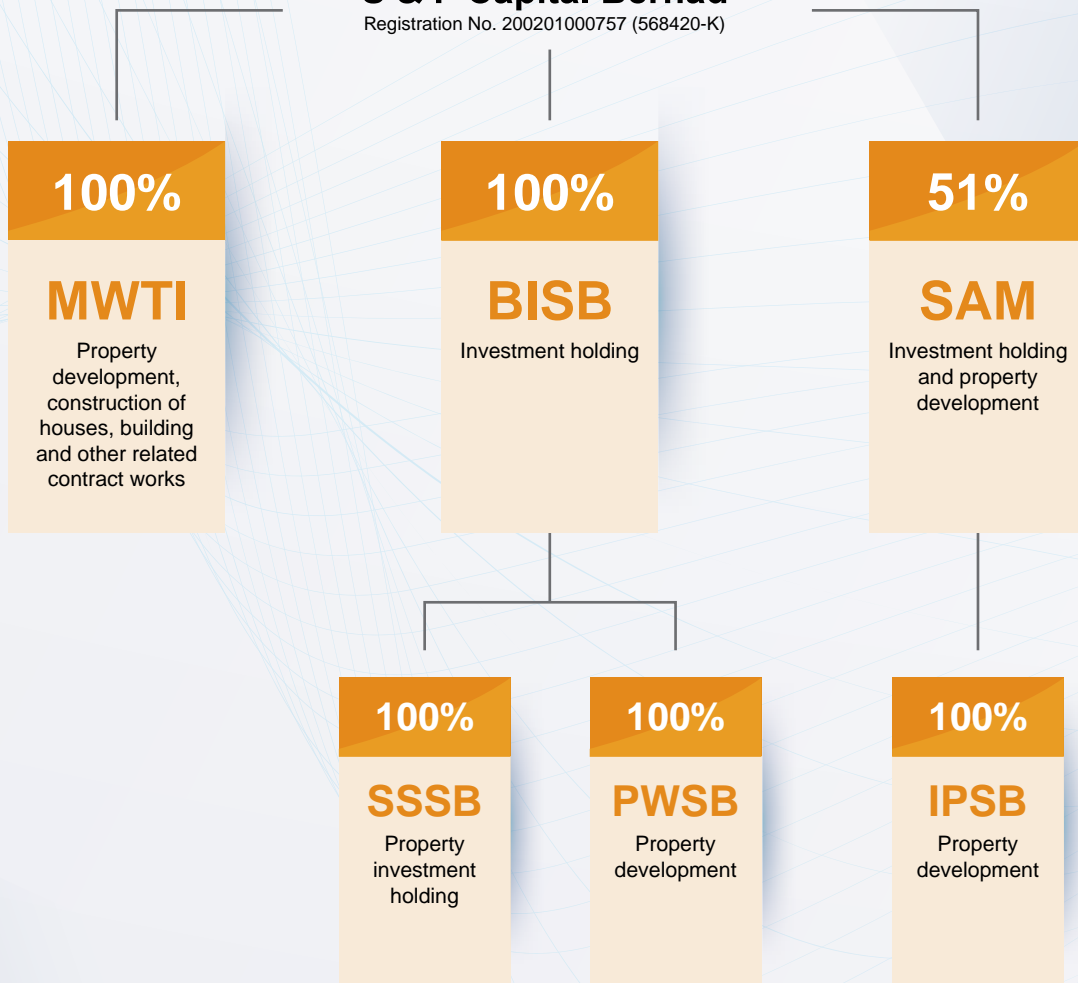
GROUP CORPORATE STRUCTURE

As at 21 October 2022



S & F Capital Berhad

Registration No. 200201000757 (568420-K)



MWTI

Maju Weko Timber Industries Sdn. Bhd.

BISB

Bernam Indah Sdn. Bhd.

SAM

Syarikat Amiziz (M) Sdn. Bhd.

SSSB

Sepakat Slim Sdn. Bhd.

PWSB

Pautan Warisan Sdn. Bhd.

IPSB

Indra Pusaka Sdn. Bhd.

KEY SENIOR MANAGEMENT'S PROFILE

KOR BENG

*68 years of age, Malaysian, Male
Managing Director*

Please refer to page 4 of this Annual Report for the profile of Kor Beng.

KOR YANN KAE

*40 years of age, Malaysian, Male
Executive Director*

Please refer to page 4 of this Annual Report for the profile of Kor Yann Kae.

KOR YANN SHIUN

*37 years of age, Malaysian, Male
Executive Director*

Please refer to page 5 of this Annual Report for the profile of Kor Yann Shiun.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

S & F Capital Berhad was previously named Leweko Resources Berhad. The Group's property development business started off in Ipoh with portfolio of a mixed development of shop offices and hypermarket in Pusat Bandar Ampang, residential houses at Taman Tasek Indra, shop offices at One Ipoh Central and Pusat Perdagangan Tasek Indra. In 2019, a new management team were engaged and took over the operations of the Group. Since then, the business activities have expanded interstates from constructing residential houses in Klang Valley to earthwork construction in Penang.

Nevertheless, the Group's overall business performance was not spared from being adversely impacted by the measurements taken by the Government to curb COVID-19 pandemic. With supply chain disruptions, rising cost of raw materials and shortage of workers, the Group has been very cautious and patient in pursuing order book replenishment which led to lower revenue and earnings. Notwithstanding this, with tremendous effort and hard work of the management, the Group successfully completed two (2) construction projects in Klang Valley on time in financial year ended 2022 ("FYE 2022").

As we move into 2022 where Malaysia moved towards endemicity and reopened international borders, the Group has secured three (3) new projects which include two (2) packages of the construction and completion for light rail transit line (LRT) and terrace houses at Cyberjaya. For the newly secured projects, the economy uncertainties have been accounted into the tender cost to avoid negative impact on the project progress.

The Group's order book of approximately RM136 million as at September 2022 will contribute to our revenue for about two years. Despite the challenges and foreseeable hurdles ahead, we will not only continue to actively participate in tenders to replenish our order books and ensure positive contribution to the coming years, but to also tap onto any growth opportunities to ensure the sustainability of the Group.

FINANCIAL PERFORMANCE

	FYE 2022 RM'000	FYE 2021 RM'000	Changes	
			RM'000	%
Revenue	22,980	26,847	(3,867)	-14
Loss before tax	(1,971)	(9,020)	(7,049)	-78
Loss after tax	(2,031)	(9,023)	(6,992)	-77

The Group registered a lower revenue of RM22.9 million in FYE 2022 compared to RM26.8 million in financial year ended 2021 ("FYE 2021"). The decrease was mainly due to existing construction projects reaching towards the end of the contracts while the contributions by the new contracts were registered only at the end of FYE 2022. In line with the lower revenue, the Group cannot sustain the fixed and recurring overhead expenses hence resulted in a loss before tax. The loss before tax decreased by RM7.0 million to RM1.9 million in FYE 2022 mainly due to an impairment loss in FYE 2021.

FINANCIAL POSITION

The Group's receivables stood at RM6.4 million with contract asset of RM2.0 million in FYE 2022 while payables at RM9.1 million. The contract assets are mainly due to the timing difference of unbilled work done compared to amount billed to clients. As mentioned above, the lower receivables were due to the Group being very cautious in replenishing our order book. The payables exceeding the receivables were the fixed and recurring overhead expenses of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FINANCIAL POSITION *(continued)*

The Group's current ratio of 3 indicates that our adequate liquidity to meet short term commitments and working capital requirements.

Financial ratio	FYE 2022	FYE 2021
Current ratio (times)	3.07	3.56

CASH FLOW

	FYE 2022 RM'000	FYE 2021 RM'000
Net cash flows used in operating activities	(377)	(11,412)
Net cash flow generated from investing activities	113	1,632
Net cash flows used in financing activities	(128)	14,895

The Group registered a net cash flow used in operating activities of RM0.38 million in FYE 2022. The net investing cash flow is generated from our investment in money market and the net cash flows used in financing activities are mainly for the rental of offices.

MANAGING RISK

Economic risk

Although with economy activities picking up as the country transits into endemicity, the construction material cost and energy prices have soared due to the Ukraine – Russian war, weakening of Ringgit and increasing of US Dollar. The fear of the volatility of the material prices has created uncertainties where property developers have doubts on launching new projects unless our tender cost is attractive but shall not be underestimated. Limited projects available in the market may result in adverse effect of the Group's financial performance.

While these changes are beyond our Group's control, we have taken risk control actions such as discouraging over dependency on a single supplier. Effort has been put in to improve network of trusted suppliers and then identify potential suppliers for price comparison so that we are able to control construction cost efficiently. The Group is also exploring to upgrade our management system to fine tune our purchase and stock planning which will improve stocks control and reduce stock wastages.

Operational risk

As the border restrictions were eased on April 2022, the shortage of foreign labour shows no sign of improvement due to complicating application process. The local workers have been difficult to retain as well as working at neighbouring countries and changing job sector seems more attractive. This could lead to a slowdown in work progress and increasing risk of late completion that may affect our financials and reputation.

The Group has been exploring new construction method which relies on technology to decrease the demand for workers and reduce wastages. We have also been reviewing our employee's salary and benefits to retain and motivate them. In addition, we continue to implement internal controls at site to increase per worker's efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

MANAGING RISK *(continued)*

Cyber and security risk

Since the World Health Organization declared COVID-19 as a pandemic, the restrictions imposed by governments in response to the pandemic have encouraged employers to make the abrupt shift to remote work. Technology has become very important to both business and personal life. The sudden dependency on technology has promoted opportunities for cybercriminals to attack the computer networks and systems of individuals and business where cyber defences could still be weak. This may result in disruption of business operations and unauthorised disclosure of sensitive business information.

In order to reduce the cyber security risk, the Group has engaged an information technology team to regularly ensure that every computer for work is installed and updated regularly with a reliable anti-virus software and the Group's data auto backup copies are checked and upgraded consistently. The employees were briefed on best practices and procedure to regulate the sending of emails or other content to third parties.

PROSPECTS AND OUTLOOK

The construction sector grew by 2.4% (1Q 2022: -6.2%), its first positive growth since 2Q 2021. Large commercial and industrial projects as well as small-scale projects continued to support activity in the non-residential and special trade subsectors (Source: BNM Quarterly Bulletin Second Quarter 2022). Growth in the Malaysia economy is expected to continue from the reopening of international borders and improving labour market conditions. Nevertheless, the country's political uncertainties, the rising commodity price due to the military conflict in Ukraine and trade sanctions on Russia has led to higher global inflation which would impose cost pressures on materials and impact negatively on consumer spendings and construction costs.

The Group is in view that the property and construction sector remain challenging for the coming year. However, we believe that the risks are expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy. Furthermore, the Group has always been very cautious in tendering for projects to minimise construction risk. We remained committed to deliver the secured projects on time while keeping the cost controlled and maximising profit.

New policies and regulations have been imposed in the country to tackle the challenges resulted from the pandemic crisis. Apart from our core expertise in construction, the Group believed that with new policies and regulations come with new growth opportunities. In particular, we have been identifying suitable land bank and currently in negotiation stages to acquire a land for development projects as part of the strategy to improve the medium to long term financial sustainability of the company. The acquisition can be part financed from the proceeds of our rights issue.

We believe that our Group will emerge stronger from the pandemic crisis and will continue to take the necessary steps to proactively pursue disciplined cost optimisation and active capital management to strengthen our financial position.

SUSTAINABILITY STATEMENT

S & F Capital Berhad (“S&F Cap” or “Company”) and its subsidiaries (“the Group”, “we” or “our”) recognise the importance of sustainability in our organisation and business activities. We further recognise the business impact on economy, environment and society (“EES”). Hence, the Group is committed operating its business in an economically, environmentally and socially sustainable manner, balancing business opportunities and risks to create sustainable long-term value for its stakeholders.

SCOPE OF DISCLOSURE

This statement is prepared in accordance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The information provided in this Sustainability Statement covers the period in the financial year ended 30 June 2022 and applies to the current Group’s business operations in Malaysia, unless otherwise stated. It articulates the management of EES risks and opportunities (“collectively known as “Material Sustainability Matters”) arising from the business operations of the Group.

SUSTAINABILITY GOVERNANCE

The Board of Directors (“the Board”) provides oversight on the Group’s sustainability and is assisted by the Management who oversees the implementation of the Group’s sustainability measures. Representatives from each department meet regularly to discuss sustainability-related material issue and ensure sustainability is considered and integrated into day-to-day operation.

STAKEHOLDERS’ ENGAGEMENT

We engage our stakeholders and value their feedback as a key input consideration to our sustainability strategy. The approaches we engaged with stakeholders include conventional documents, electronic documents, web-based media platforms and face-to face communications. The table below presents issues of interest for each stakeholder group and our methods of engagement:

Stakeholders	Issues	Methods of Engagement
Shareholders/ Investors	<ul style="list-style-type: none"> • Create sustainable values for our shareholders by consistently improving business and financial performance • Regular updates on financial performance, business strategies and other issues 	<ul style="list-style-type: none"> • Bursa Malaysia announcements • Annual reports/quarterly results • Annual/extraordinary general meetings • Media releases • Corporate website
Customers (Existing/ Potential)	<ul style="list-style-type: none"> • Customers’ satisfaction through on time delivery of high-quality and safety product 	<ul style="list-style-type: none"> • Work Progress confirmation • Customer feedback channel • Customer meetings • Site visits
Employees	<ul style="list-style-type: none"> • Career development and progression opportunities • Safe and conducive working environment 	<ul style="list-style-type: none"> • Employment contracts • Training and development sessions • Management and employee meetings • Safety audit and meetings • Circulation of policies and procedures

SUSTAINABILITY STATEMENT

cont'd

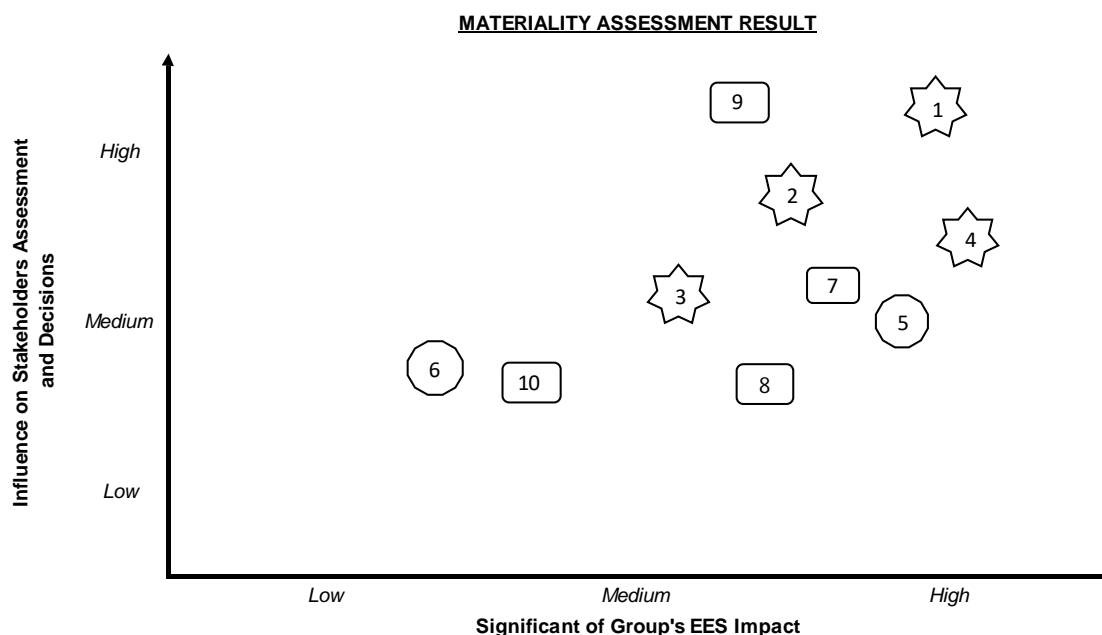
STAKEHOLDERS' ENGAGEMENT (continued)

Stakeholders	Issues	Methods of Engagement
Regulators/ Government	<ul style="list-style-type: none"> • Compliance with all laws and regulations that are relevant to our business 	<ul style="list-style-type: none"> • On-site inspections • Meetings and consultations • License renewal • Briefing, seminars and trainings • Independent Auditors
Suppliers and sub-contractors	<ul style="list-style-type: none"> • Ethical and fair procurement policies • Safe project sites 	<ul style="list-style-type: none"> • On-site inspections • In-person and virtual meetings • Agreements
Local Community	<ul style="list-style-type: none"> • Create economic, environmental and social value 	<ul style="list-style-type: none"> • Meetings and visits • Websites • Community development programmes

MATERIALITY ASSESSMENT

The materiality in relation to the sustainability of the Group's business is identified based on the risk assessment, analysis of internal documents and processes as well as insights from our engagement with various stakeholders. Based on this yearly materiality assessment, we identify and prioritise the sustainability matters which form the basis for shaping our sustainability strategies and initiatives.

The identified key material sustainability matters that may have a significant economic, environmental and social impact on our business or substantively influence the assessment and decisions of our stakeholders are illustrated as follows:



- | | |
|---|--|
| 1 Sustainable Business Growth | 6 Workplace Sustainability |
| 2 Quality Product and Customer Satisfaction | 7 Occupational Safety & Health |
| 3 Ethical Business Practice | 8 Employee Diversity and Equal Opportunity |
| 4 Supply Chain Management | 9 Employee Development and Retention |
| 5 Compliance with Laws and Regulations | 10 Society Contribution |

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC

Sustainable Business Growth

The Group's financial performance has been negatively impacted by a series of macroeconomic instabilities such as resurgence of Covid-19 within Malaysia, global political tension and global supply chain interruptions. The Group will continue to monitor and improve our operational efficiency and cash flow management by leveraging on our expertise and competencies as well as to look for any arising opportunity to create sustainable values for our various stakeholders in a longer term.

Our core competencies are proven by the registration of our wholly owned subsidiary, Maju Weko Timber Industries Sdn. Bhd. ("MWTI") as a Grade 7 ("G7") contractor under the Construction Industry Development Board of Malaysia ("CIDB"). With the recognition as a G7 Contractor, MWTI is allowed to undertake any size of projects with unlimited project amount within Malaysia. MWTI previous construction experiences mainly focused on housing and low-rise building works. During the year, MWTI has successfully secured its first infrastructure work since the change of management team in 2019. We believe our various project experiences will provide more business opportunities for our future sustainable business growth.

Quality Product and Customer Satisfaction

We understand quality and customers' satisfaction remain the utmost important factors in strengthening our market position and subsequently our financial position. To demonstrate our on-going commitment towards quality improvement, the Management of our subsidiary, MWTI has successfully maintained its ISO 9001:2015 accreditation for the provision of construction for building, infrastructure and geotechnical works. We believe our efforts to maintain this management systems accreditation will definitely strengthen our market positioning in the future to increase shareholder's value.

Ethical Business Practice

We believe that maintaining high level of ethical business practices forms the foundation of sustainable business operations. Hence, we have incorporated strong business ethics into our corporate culture and business dealings.

The Group has adopted Code of Conduct and Ethics (the "Code") which applies to all Directors, management and employees of the Group. This Code is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company. It aims to achieve a standard of ethical behaviour based on trustworthiness and values that can be accepted for ensuring the spirit of social responsibility and accountability of the Group for complying with the legislation, regulations and guidelines governing it.

The Group is obliged and committed to conduct businesses in an honest and ethical manner, and do not tolerate bribery or corruption in any form. The following (2) two policies have been adopted by the Board and published on the Company's website:

- ***Anti-Bribery and Anti-Corruption Policy***

The policy sets out the guides as a whole for the Group to prevent acts of bribery and corruption. The Group is committed to conduct business dealings with integrity and has adopted this zero-tolerance policy against all forms of bribery and corruptions.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC *(continued)*

Ethical Business Practice *(continued)*

- **Whistle-Blowing Policy**

This policy provides a structured mechanism for employees and any stakeholders to report any frauds, suspect of wrongful activities or wrongdoings.

All new recruits are briefed on the Code and policies. As at to date, we did not receive any reports on the violation of above Code and policies.

Supply Chain Management

Like other construction companies, we do encounter supply chain interruption coupled with price surged in building materials. Hence, we have implemented stringent controls on materials usage and plan ahead for the purchase of necessary materials while maintaining close relationship with our suppliers.

To support the local economy, we will continue to procure most of the construction materials from local vendors. By supporting local vendors, it indirectly helps to improve sustainability of Malaysia's construction industry as opportunities are given to them to expand, grow, create jobs and ultimately improve the quality of their products as well as minimising the carbon footprint across geographies. This will benefit our end users who are our clients as we are able to deliver better quality projects apart from being cost effective. At the same time, our established Anti-Bribery and Anti-Corruption policy as well as Whistle-Blowing policy will ensure all procurement transactions are conducted with integrity. In addition, we consistently monitor suppliers and contractors' performance through evaluation, which generally focused on areas such as pricing and payment terms, product and service quality, reliability and credibility.

ENVIRONMENT

Compliance with Laws and Regulations

It is the Group priority to ensure compliance and strict adherence to environmental requirements and regulations at all times in all our operations. This is achieved through our internal system of continuous self-regulation and monitoring on a day-to-day basis. During the financial year ended 2022, there was no incidence of non-compliance with environmental laws and regulations reported.

Workplace Sustainability

The Group promotes green initiatives in our day-to-day business operations by creating environmental awareness among the employees as well as proactively encouraging them to support the following initiatives:

- **Conserve Energy**

- Perform timely maintenance on air-conditioner to improve energy efficiency and switch off air-conditioner and lights whenever not in use to reduce unnecessary electricity consumption.

SUSTAINABILITY STATEMENT

cont'd

ENVIRONMENT *(continued)*

Workplace Sustainability *(continued)*

- **Reduce Paper Usage**
 - Promote paperless culture through electronic documents and reducing duplication of hard copy documents.
 - Encourage use of recycle papers and double-sided printing.
 - Encourage shareholders to read Company's Annual Report online instead of mailing the full Annual Report in hard copy or compact discs. Nevertheless, the Company will still mail the hard copy of the full Annual Report if there is such request.
- **Go green with Technology**
 - Leverage on technology for meetings and communications to reduce business travel and carbon emission while saving time.

SOCIAL

Occupational Safety & Health

Occupational safety, health and environmental are important to construction and engineering activities for preventing work related injury and ill health among the employees. As such, our subsidiary, MWTI continues to uphold its Safety, Health and Environment ("SHE") Policy with the aim to achieve an excellent safety, healthy and environmentally friendly working condition. Every member of the project is responsible for ensuring that the works they undertake or supervise is carried out safely and hygienically.

In addition, MWTI is committed to provide a healthy and safe environment not only to its employees but also contractors and visitors at the sites and premises. At least one (1) Safety and Health Supervisor is employed at each site to ensure the health and safety of their workplaces. We provide safety training to our employees and they are continuously reminded to perform their work safely. Regular monitoring, consultation and communication are also conducted to promote and improve occupational safety and health practices. There was neither incidence breach of health nor safety compliance and no fatalities or major injuries which resulted working days lost during the financial year ended 2022.

As we transition into the endemic phase of COVID-19, we will continue to undertake the following precautionary measures within our workplace:

- Compulsory quarantine for employees who tested COVID-19 positive.
- Conduct virtual meetings and discussions to minimize travels and physical contacts.
- Visitors are encouraged to wear face masks.

Employee Diversity and Equal Opportunity

We provide equal opportunity and ensure all employment decisions are based on merit and performance regardless of gender, religion, age, ethnicity and nationality. It is our aim to achieve a diverse workforce as we believe diversity ensures the Group has the requisite variety of skill sets to effectively serve our internal and external stakeholders.

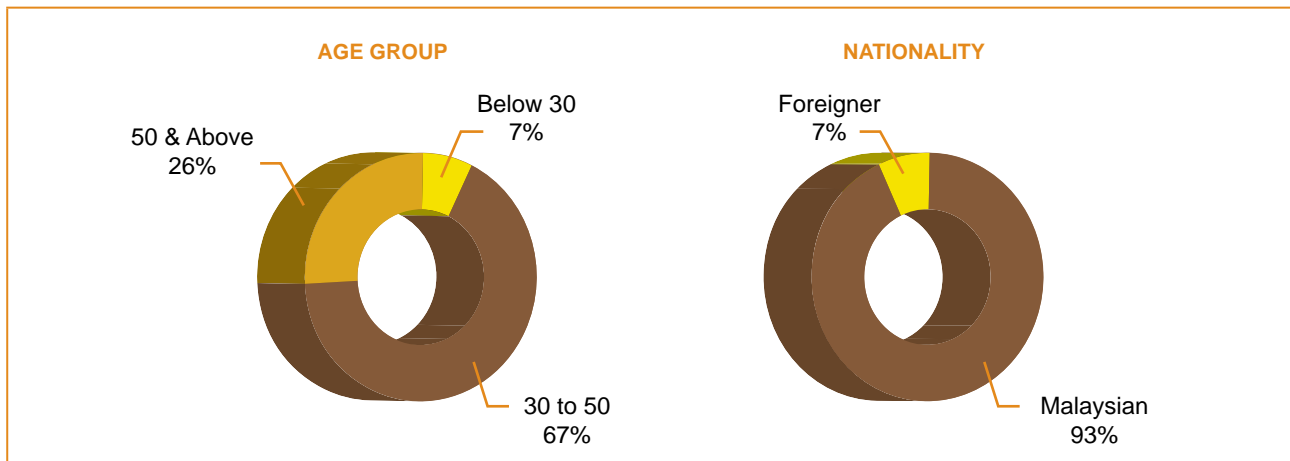
SUSTAINABILITY STATEMENT

cont'd

SOCIAL (continued)

Employee Diversity and Equal Opportunity (continued)

Diversity of Employees in the Group As At 30 June 2022



Employee Development and Retention

The Group recognises the need to constantly train and upskill our employees by providing equal opportunities to all personnel and career enhancement within the Group. We provide various learning opportunities throughout the employees' career to ensure that they develop the skills needed to perform their responsibilities. Our employees receive trainings from both internal and external sources. These trainings include those that are mandatory or on a voluntary basis to ensure they are equipped with relevant skills to perform their jobs. They are also encouraged to obtain certifications that allow them to perform specific tasks.

We also recognise the value of dedicated and long-serving employees, acknowledging their loyalty and contributions to the Group. We strive to provide a safe, comfortable and conducive working environment in order for them to work effectively and efficiently.

Society Contribution

Education enables upward socio-economic mobility and is key to creating a better society. The closure of primary schools during COVID-19 has resulted into significant learning problems for primary school students. Recognising this problem, our Company has contributed to the development of *Program Penguasaan Kosa Kata Bahasa Melayu (Pekka#BM)* and its online learning platform at bmlearner.com. This is a digital application for primary school students to learn and master Bahasa Melayu effectively without any charges. Teachers are also allowed to use this digital application as part of their teaching materials in the classrooms. As at June 2022, a total of 2,043 students and teachers have registered as users of this platform.

CONCLUSION

The Board believes in managing our Group in a sustainable manner to develop strong competency and resilience to meet future challenges. We will continue to improve our sustainability reporting over time as we progress in our sustainability management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of S & F Capital Berhad (“S&F Cap or the Company”) acknowledges the importance of maintaining high standard of corporate governance within the Company and its subsidiaries (“the Group”) in discharging its responsibilities to protect and enhance shareholder’s value as well as to generate long term sustainability and growth.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with reference to the Malaysian Code on Corporate Governance (“MCCG”). The objective of this statement is to provide an overview of the application of the corporate governance practices (“Practices”) of the Group during the financial year ended 30 June 2022 (“FYE 2022”) based on the following three (3) key governance principles:

- Principle A : Board leadership and effectiveness
- Principle B : Effective audit and risk management
- Principle C : Integrity in corporate reporting and meaningful relationship with stakeholders

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report (“CG Report”). A copy of the CG Report is available for download from the Company’s website at www.snfcapital.com.my and Bursa Securities’ website. This overview statement should be read together with the CG Report as well as other statements in this Annual Report for a more holistic and granular understanding of the Group’s corporate governance framework and practices which may be better explained in the context of the respective statements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Board Responsibilities

The Board is collectively the primary decision-making body for all material matters affecting the Group. It provides leadership, guidance and sets strategic direction.

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership functions:

- Reviewing, approving and monitoring the overall strategies and direction of the Group.
- Overseeing and evaluating the conduct and performance of the Group’s business.
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Developing and implementing an investor relations programme or shareholder communications policy for the Group.
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has through its various meetings discussed and deliberated on the various corporate affairs of the Group including its overall strategy and plans.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

The Board Responsibilities *(continued)*

To assist and complement the Board in the execution of its responsibilities, the Board has established the Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee operates within its Terms of Reference (“TOR”), which clearly define its duties and responsibilities. These TORs are available on our website. The Board receives reports of their proceedings and deliberations with their recommendations.

In discharging its function and responsibilities, the Board is guided by the Board Charter which outlines the roles, responsibilities, processes and operations of the Board. The Board Charter is reviewed regularly and can be viewed on the Company’s website.

Apart from the above, the Board has adopted the Code of Conduct and Ethics (the “Code”) for Directors, management and employees of the Company and the Group. The Code which is available on the Company’s website is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company.

In line with the Company’s commitment in achieving and maintaining the highest standard of openness, ethics and accountability, the Company has also established and published a Whistle-Blowing Policy on our Company’s website. This policy aimed to provide a formal mechanism for employees, other external stakeholders and members of the public to raise concerns related to possible malpractices at the earliest opportunity, in an appropriate manner and without fear of reprisal and victimisation.

The Company has also established Anti-Bribery & Anti-Corruption (“ABC”) Policy which sets out the Group’s stand on bribery in all its forms and matters of corruption that might confront the Group in its day to day operations. This zero-tolerance on all forms of bribery and corruption policy applies to the Directors and employees of the Group as well as any associates or third party associated to the Group. It reiterates the Company’s commitment to ensure full compliance with the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the MACC (Amendment Act 2018) and any other local anti-bribery and anti-corruption laws that may be applicable. This ABC Policy complements and is to be read in conjunction with the Company’s Code and Whistle-Blowing Policy.

Sustainability is a major concern for all businesses. The Board provides oversight on the Group’s sustainability and is assisted by the Management who oversees the implementation of the Group’s initiatives. Shareholders and stakeholders are able to assess the Company’s initiative towards sustainability via the Sustainability Statement in this Annual Report. The Board acknowledges that the sustainability trends evolve in line with the ever-changing business environment. Thus, the Directors kept themselves abreast with latest sustainability issues through Board meetings, senior management, periodical updates by Bursa Malaysia and trainings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Board Balance and Independence

The Chairman's and the Managing Director's roles and responsibilities are divided to ensure there is a balance of power and authority. The Chairman of the Board plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. In addition, the Chairman also responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Managing Director, supported by senior management, implements the Group's strategic plan, policies and decisions adopted by the Board and oversees the operations of the Group.

Although Practice 1.4 of the MCCG suggests that the Chairman of the Board shall not be a member of the Board Committees, our Chairman is still the Chairman for both Nomination and Remuneration Committees as well as member of the Audit Committee due to the number of Director in office currently. Nevertheless, the Board is of the view that such departure does not impair the objectivity of Board Chairman, as recommendations put forth by the Board Committees are discussed by all other Independent Non-Executive Directors together as a team. The Company is in the midst of identifying and appointing more suitable qualified candidate to the Board so that the Board Chairman is able to abstain himself from the Board Committees to enhance the check and balance mechanism at the Board level.

The Board consists of six (6) members out of which two (2) are Independent Non-Executive Directors, in compliance with Paragraph 15.02(a) of MMLR. Nevertheless, such composition did not meet MCCG Practice 5.2 which required at least half of the board comprises of Independent Directors. The Board is of the view that having 50% of Non-Executive Directors provide reasonable effective checks and balances within the Board. Except in the cases where conflicts of interest arise, the Independent Non-Executive Directors that are affected will refrain from the deliberations concerned and do not vote but they are otherwise independent.

The Board of Directors assesses the independence of the Independent Non-Executive Directors annually and when new interests or relationship surface between the Independent Non-Executive Directors and the Group. The role of the Independent Non-Executive Directors is important in ensuring independence of judgment and objectivity is exercised during Board deliberations taking into account the interests of all stakeholders.

In accordance with the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. At present, none of our Independent Non-Executive Directors has served for a cumulative term of more nine (9) years.

The brief description of the background of each Director is presented under the section "Board of Directors' Profile" in the Company's Annual Report 2022. Although their roles are clearly demarcated, together, they provide the Group with a wide range of skills and experience to ensure that the Group will remain to be competitive with a strong reputation for professional competence. The Executive Directors with their intimate knowledge of the business take on the primary responsibility for leadership of the Group whilst the Non-Executive Directors bring independent judgement and a broader view of the Group's business on issues of strategy, business performance, resources and standards of conduct.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

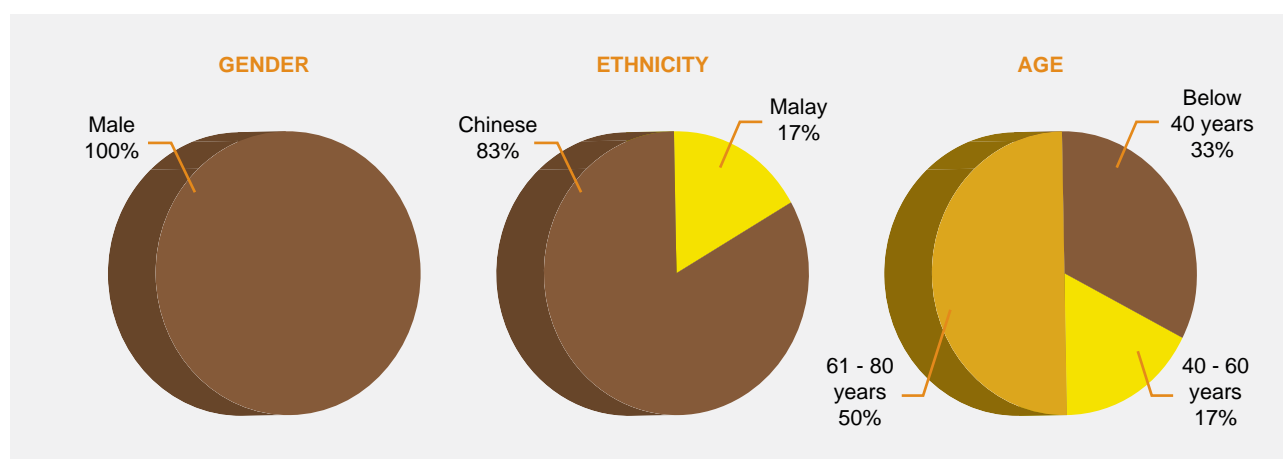
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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Board Balance and Independence *(continued)*

The Board is aware of the importance of Boardroom diversity and is supportive of the recommendations from the MCCG. However, the Company does not have a policy for the boardroom and senior management's gender diversity. Equal opportunity is provided to candidate based on merit. As at 30 June 2022, the Board comprises solely male Directors. The Board supports the initiative to include female representation on the Board to achieve a more gender diversified Board. Henceforth, a suitable and qualified female candidate who can contribute to the Board will be considered for appointment by 30 June 2023.

Gender, Ethnicity and Age Diversity in the Board As At 30 June 2022



Supply of Information

The Board is supplied with information on a timely basis to enable it to effectively discharge its duties and responsibilities. As a general rule, all Board meetings' papers are distributed at least a week before the respective Board meeting so that the Directors would have adequate time to read and understand the matters that will be discussed and deliberated at the meeting concerned. Additional information on the Group is also supplied to Directors upon specific requests.

In addition to the quarterly Board meetings to discuss and to review the quarterly results of the Group for announcement to Bursa Securities, Board meetings were also held as and when necessary to discuss business, corporate and regulatory matters that affect the Group.

The Board has constant access to and interaction with senior management. It also has access to the advice and services of the Company Secretary who is qualified under Section 235(2) of the Companies Act, 2016. The Company Secretary is a central source of information and advice to the Board and its committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as principles of best corporate governance practices, in addition to corporate secretarial matters.

Commitment of the Board

The Board is satisfied with the level of time committed by the Board in discharging their respective duties and roles as Directors of the Company. All the Directors of the Company have complied with the MMLR of Bursa Securities on the maximum number of directorships which they can hold in public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Commitment of the Board (continued)

The meeting attendance of each Director during FYE 2022 is recorded and set out as table below:

Name of Directors	BOD Meeting	NC Meeting	RC Meeting	AGM
Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin (Chairman of the Board)	5/5	2/2	1/1	1/1
Kor Beng	5/5	N/A	N/A	1/1
Kor Yann Kae	5/5	N/A	N/A	1/1
Kor Yann Shiun	5/5	N/A	N/A	1/1
Tan Tai Ming	5/5	2/2	1/1	1/1
Arthur Law Hian Tat	5/5	2/2	1/1	1/1

BOD - Board of Director
 NC - Nomination Committee
 RC - Remuneration Committee
 AGM - Annual General Meeting
 N/A - Not Applicable

Please refer Audit Committee Report on page 34 for the Audit Committee meetings' attendance record.

Directors' Training

The Board acknowledged the importance of continuous education and trainings for the Directors to enable them to discharge their duties and responsibilities effectively. As such, the Group's guidelines on Directors' training stipulates that all Directors must attend training programmes prescribed by Bursa Securities from time to time and all newly appointed Directors must attend a comprehensive induction programme to assist them in building a detailed understanding of the Group's operations, the challenges it faces, the long term direction, the risk management strategy and statutory obligations. The Board delegates its role to Nomination Committee on assessing the training needs for the Directors. During the FYE 2022, the Directors have attended the following external training programmes:

Name of Directors	Training Programmes Attended	Date
Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin	• Webinar Series : ESG and Sustainability Reporting	24 June 2022
Kor Beng	• Business Must Go On - The Digital Signing Way • 2022 Budget Webinar	27 July 2021 11 November 2021
Kor Yann Kae	• 2022 Budget Webinar	11 November 2021
Kor Yann Shiun	• Webinar Penyediaan Penginapan Pekerja Bagi Industri Di Bawah Sektor Pembuatan • 2022 Budget Webinar	28 September 2021 11 November 2021
Tan Tai Ming	• Audit Oversight Board Conversation with Audit Committee	7 April 2022
Arthur Law Hian Tat	• Audit Oversight Board Conversation with Audit Committee	7 April 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(continued)*

Board Committee

1. **Audit Committee**

The Audit Committee ("AC") is chaired by Mr. Arthur Law Hian Tat since 25 November 2020. He is a member of the Malaysian Institute of Accountants. The other members of the AC are Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin and Mr. Tan Tai Ming. The terms of reference and summary of activities of the AC are set out in the "Audit Committee Report" section.

2. **Nomination Committee**

The Nomination Committee ("NC") is chaired by Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin. The other members of the NC are Mr. Arthur Law Hian Tat and Mr. Tan Tai Ming. During the FYE 2022, the activities of the NC are as follows:

- Reviewed the Board's required mix of skills, knowledge, expertise and experience and other qualities, including core competencies which Independent Non-Executive Directors should bring to the Board for it to function efficiently and effectively.
- Conducted annual assessment on the effectiveness of the Board as a whole as well as Board Committees.
- Conducted annual assessment of individual Director, peer and Board assessment.
- Reviewed and proposed the adoption of Directors' Fit and Proper Policy. On 25 May 2022, the Board has approved and adopted Directors' Fit and Proper Policy for the appointment and re-election of Directors of the Board and Group. The adoption of this policy will ensure each of the appointed Director has the character, experience, integrity, competence and time to effectively discharge his role as a Director. The said policy is accessible on the Company's website.
- Evaluated and determined the training needs of the Directors.
- Discussed the retirement by re-election of Directors in the forthcoming 20th AGM pursuant to the Clause 76(3) of the Company's Constitution. Directors who are subject to retirement by rotation are Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin, Mr. Tan Tai Ming and Mr. Kor Yann Shiun. All the three (3) Directors have opted for re-election in the 20th AGM. As evaluated by the Nomination Committee and approved by the Board, these Directors have met all the criteria in the Directors' Fit and Proper Policy as well as Board's expectations. Based on the NC's evaluation, the NC believes these Directors will continue to contribute to the Board's deliberations and the Board would accordingly recommend their re-election to the shareholders at the forthcoming AGM.

During the FYE 2022, there is no appointment of new Director to the Board. Based on annual assessment for FYE 2022, the NC is satisfied with the overall Board performance where all Directors have discharged their duties and responsibilities in the best interests of the Company. The Board Committees had carried out their duties and discharged their responsibilities effectively in accordance with the MMLR and their respective TOR.

3. **Remuneration Committee**

The Remuneration Committee ("RC") comprise of all Non-Executive Directors with a majority of Independent Directors. It is chaired by Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin. The other members of the RC are Mr. Arthur Law Hian Tat and Mr. Tan Tai Ming. The duties of the RC are to establish and to recommend a formal and transparent procedure for developing policies for the terms of employment and remuneration of the Executive Directors and senior management in all its forms so as to link rewards to corporate and individual performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Directors' Remuneration

The level of remuneration of each Director must reflect the level of responsibility and commitment that goes with Board membership. The remuneration of the Executive Directors has been structured to link rewards to corporate and individual performance. It is reflective of the respective Executive Director's level of responsibility, contribution and commitment to the Group. The level of remuneration of the Executive Directors has to be considered by the RC as part of its terms of reference.

The fees paid to the Independent Non-Executive Directors are based on the competitive market situation, taking into consideration the respective Director's business and financial experience, skills, level of responsibilities and duties relevant to the Group. The determination of Independent Non-Executive Directors' fees is a matter for the Board as a whole and the Independent Non-Executive Directors concerned do not participate in the deliberations and voting on decisions in respect of their fees.

The details of the remuneration for Directors (comprising remuneration received and/or receivable) during the FYE 2022 are tabled as follows:

Group Level

Directors' Remuneration	Fees RM'000	Allowance RM'000	Salaries RM'000	Bonus RM'000	Benefits- In Kind RM'000	Other Emoluments RM'000	Group Total RM'000
<u>Executive Directors</u>							
Kor Beng	48.0	3.6	154.8	-	-	-	206.4
Kor Yann Kae	48.0	3.6	-	-	-	-	51.6
Kor Yann Shiun	48.0	3.6	-	-	-	-	51.6
<u>Non-Executive Directors</u>							
Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin	66.0	6.0	-	-	-	-	72.0
Tan Tai Ming	48.0	3.6	-	-	-	-	51.6
Arthur Law Hian Tat	48.0	3.6	-	-	-	-	51.6
Total	306.0	24.0	154.8	-	-	-	484.8

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Company Level

Directors' Remuneration	Fees RM'000	Allowance RM'000	Salaries RM'000	Bonus RM'000	Benefits- In Kind RM'000	Other Emoluments RM'000	Total RM'000
<u>Executive Directors</u>							
Kor Beng	48.0	3.6	154.8	-	-	-	206.4
Kor Yann Kae	48.0	3.6	-	-	-	-	51.6
Kor Yann Shiun	36.0	3.6	-	-	-	-	39.6
<u>Non-Executive Directors</u>							
Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin	66.0	6.0	-	-	-	-	72.0
Tan Tai Ming	48.0	3.6	-	-	-	-	51.6
Arthur Law Hian Tat	48.0	3.6	-	-	-	-	51.6
Total	294.0	24.0	154.8	-	-	-	472.8

The above directors' remuneration for financial year ended 30 June 2022 has been approved by the shareholders of the Company during the nineteenth (19th) AGM. The RC has reviewed and recommended to the Board for approval on the proposed Director's fees and benefits from 1 July 2022 until the conclusion of the next AGM of the Company to be tabled in the forthcoming twentieth (20th) AGM for shareholders' approval.

Key Senior Managements' Remuneration

The remuneration paid to the key senior management of Group in the band of RM250,000 for the financial year ended 30 June 2022 is as follows:

Remuneration Range of the Key Senior Management	Number of Key Senior Management
Below RM250,000	3

Details of total remuneration received by the key senior management are not disclosed in the report as the Board is of the view that the above remuneration disclose by band satisfied the accountability and transparency aspect of the Company. The Board has considered and is of the opinion that the disclosure on the remuneration of the key senior management is not on a named basis as it is imperative for the Company to maintain employee's remuneration private and confidential to avoid unhealthy comparison which might lead to discontent among employees and an inharmonious working environment. The RC has also reviewed the remuneration policy of the senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Group's Audit Committee comprises of majority Independent Directors with the Chairman of the Committee being a member of Malaysian Institute of Accountants. In compliance with the MCCG, the Audit Committee Chairman is not the Chairman of the Board. Currently, none of the AC members is former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a AC member was a key audit partner of the Group's external auditors.

In executing its role, the Audit Committee is supported by the Company's external and internal audit functions.

Financial Reporting

In presenting the annual financial statements and all quarterly results and announcements, the Board has taken reasonable steps to ensure the financial statements are true and give a fair reflection of the Group's position and prospects. This principle is also applied by the Board on all circulars issued to shareholders and other documents including other price-sensitive public reports and reports that were submitted to the authorities and regulators.

Risk Management and Internal Control

The Board recognises its responsibility for the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, including the Board itself, and is designed to meet the Group's particular needs and to manage risks exposure. Although the best endeavours are made to provide the best possible system of internal control and risk management, the system can only provide reasonable but not absolute assurance against misstatement or loss. The Statement on Risk Management and Internal Control sets out from page 31 to 33 provides an overview of the state of internal controls within the Group.

The Board's approach to risk management is reinforced with the Company's Whistle-Blowing Policy as well as Anti-Bribery and Anti-Corruption Policy which are designed to encourage a culture where wrongdoing can be addressed quickly before any regulatory action or damage to reputation.

The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the independent auditors. The Board is of the view that the system of internal control and risk management in place is sound and sufficient to safeguard the Group's assets, shareholders' investments and the interest of customers, regulators, employees and others stakeholders.

Relationship with the Auditors

The Board and the AC have established a formal and transparent relationship with the external auditors and internal auditors of the Group. Continuous communications are held with the external auditors throughout the financial period and the external auditors were invited to attend the AC meeting where the Group's annual financial statements were considered, as well as at meetings to review and to discuss the Group's audit planning, audit findings, internal controls and accounting issues. As for the internal auditors, they have presented the findings, recommendations and management responses arising from the audit conducted, to the AC at its meetings. During the year, the Board had also evaluated the performance and independence of both internal and external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognises the importance of shareholders' and investors' communications and as a matter of policy, reports on a timely basis all material information in relation to the Group. The Group also communicate with the general public through its annual reports, quarterly and other corporate announcements to Bursa Securities.

In this respect, the Board have ensured that all information sought was disseminated in strict adherence with the Listing Requirements.

Shareholders and investors can submit their queries and concerns to the Company via its website at www.snfcapital.com.my. Such queries will be attended by the Board or senior management.

Annual General Meeting

The Annual General Meeting ("AGM") provides the Board with an important forum for it to meet and communicate with shareholders. It is the Board's policy to invite shareholders to participate actively on the deliberations regarding the resolutions to be tabled at the AGM as well as to seek further details and clarifications on all aspects of the Group and its businesses.

The Board had adopted the recommendation of MCCG for the notice of AGM to be given to shareholders at least 28 days prior to the meetings. All Board members will ensure their attendance in the AGM and the respective Chairman of the Board Committees, senior management and the Group's external auditors shall attend to respond to shareholder's questions during the AGM.

The Company holds its AGM at the time and venue which are convenient and easily accessible to all shareholders. The venue is within the capital city and located near its registered office as well as the head office. Shareholders whose names appears in the Record of Depositors as at the determined date are entitled to attend and vote at the AGM. For shareholders who are unable to attend the AGM, they can appoint proxy(ies) to attend and vote on their behalf.

Minutes of the proceedings of the AGM are recorded by the Company Secretaries and made available for inspection by shareholders at the Company's registered office. In addition, the minutes of our AGM is also available on our website within 30 business days after the AGM.

Poll Voting

To enable shareholders fully understand certain special businesses tabled at the AGM, full explanations of the effects of the proposed resolutions are included in the AGM notice and/or accompanying circulars. All notices are advertised in a national English newspaper within the prescribed deadlines. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolution set out in the Notice of General Meetings is voted by poll. Hence, all the resolutions set out in the notice of the Company's forthcoming twentieth (20th) AGM will be voted by poll. All the poll results will be verified by the independent scrutineer before it is declared by the Chairman. The poll results as well as the name of the independent scrutineer were announced by the Company via Bursa Link on the same day of our AGM for the benefit of all the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

STATEMENT ON COMPLIANCE

The Company has adopted all the Practices of the MCGG except for the followings:

- | | |
|---------------|---|
| Practice 1.4 | The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee. |
| Practice 5.2 | At least half of the board comprises independent directors. |
| Practice 5.9 | The board comprises at least 30% women directors. |
| Practice 5.10 | The board discloses in its annual report the Company's policy on gender diversity for the board and senior management. |
| Practice 7.1 | The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website. |
| Practice 8.2 | The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.00. |
| Practice 9.2 | The Audit Committee has a policy that requires a former partner of the external audit firm of the listed Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. |
| Practice 13.3 | Listed companies should leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at general meetings. Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats. |

The explanations for departure from the above practices are available in the CG Report.

The Board is committed to strengthen the application of the corporate governance practices and procedures as set out in the MCGG throughout the Group, in pursuit of safeguarding the interest of all shareholders and stakeholders.

This Corporate Governance Overview Statement was presented and approved at the Board of Directors' Meeting held on 21 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

On 29 December 2020, the Company has raised total gross proceeds of RM16.511 million from the Renounceable Right Issues with warrants. The status of proceeds utilisation as at 30 June 2022 is as follows:

Details of Utilisation	Amount of Proceeds RM'000	Amount Utilised RM'000	Timeframe for Utilisation
Funding for existing and/or future construction projects	7,000	7,000	Within 12 months
Acquisition of new land bank for property development	6,000	-	Within 24 months
Working capital	2,733	2,733	Within 12 months
Estimated expenses for the Rights Issue	778	771	Within 1 month
Total	16,511	10,504	

The utilisation of proceeds as disclosed above should be read in conjunction with the Abridged Prospectus of the Company dated 2 December 2020.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the Company's external auditors by the Company and the Group for the financial year ended 30 June 2022 are as follows:

	Group (RM)	Company (RM)
Audit Fees	128,500	65,000
Non-Audit Fees	6,000	6,000

We did not engage any service from firm or corporation affiliated to the Company's external auditors.

MATERIAL CONTRACTS AND TRANSACTIONS INVOLVING DIRECTORS AND/OR MAJOR SHAREHOLDERS

Save as disclosed in Note 25 of the audited financial statements of the Company as contained in this Annual Report, there were no material contracts/transactions entered by the Company and/or its subsidiaries involving interest of directors and/or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION

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RECURRENT RELATED PARTY TRANSACTION

At the Annual General Meeting ("AGM") held on 29 November 2021, the Company had renewed a mandate from its shareholders to allow the Company or its subsidiaries to enter into the following recurrent related party transactions ("RRPT") which are necessary for the Group's day to day operations with related parties.

The details of the RRPT conducted during the financial year ended 30 June 2022 pursuant to the shareholders' mandate are as follow:

Company in the S&F Cap Group Involved	Related Party	Type of Transaction	Estimated Value from the Mandate obtained at the AGM on 29 November 2021 RM'000	Aggregate Value of Transactions RM'000
Maju Weko Timber Industries Sdn. Bhd. ("MWTI") [#]	S & F Construction Sdn. Bhd. ("S&FSB") [®]	Provision and/or receipt of contracts in relation to construction works for residential and commercial properties.	100,000	25,507

Notes:

[#] MWTI is a wholly-owned subsidiary of S & F Capital Berhad in which Mr. Kor Beng, the indirect major shareholder and director of the Company; and Mr. Kor Yann Shiun the director of the Company.

[®] Mr. Kor Beng is the major shareholder and director of S&FSB; and Mr. Kor Yann Shiun is the director of S&FSB.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) of S & F Capital Berhad (“S&F Cap”) is pleased to present this Statement on Risk Management and Internal Control (“Statement”) for S&F Cap and its subsidiary companies (“Group”) in line with paragraph 15.26(b) of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This Statement was prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and The Malaysian Code on Corporate Governance.

BOARD OF DIRECTORS’ RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound and effective risk management and internal control system to safeguard shareholders’ investment and Group’s assets. Whilst the Board’s responsibility is to set the culture and tone from the top, the Board is assisted by the Audit Committee (“AC”) to oversee the effectiveness of the Group’s risk management and internal control. Nevertheless, it is imperative to note that any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. Hence, the objective of the Group’s system of internal control is not to eliminate risk completely, but to enable the Group to achieve its corporate objectives within a managed risk profile. The effectiveness of the Group’s system of internal control should therefore be assessed in this context.

RISK MANAGEMENT FRAMEWORK AND POLICY

The Board firmly believes that risk management must be embedded within the daily operations and operating units of the Group, that is, from strategy formulation through to business planning and processes. The Board is of the opinion that by understanding risks, S&F Cap is able to evaluate the impact of a particular action or decision on the achievement of corporate objectives.

The Board has established the Enterprise Risk Management Framework (“ERM”) across the Group which is firmly embedded in the Group’s processes and structure. The Risk Management Policy has been in place to identify key risks, the likelihood of those risks occurring as well as any strategy to control or manage those risks affecting the business. The Board acknowledges that the implementation of the framework is an on-going process and considerable effort and commitment are required of management to do so as management has the responsibility to manage risks including corporate liabilities risk, implement effective internal controls and ensure compliance with the relevant laws and regulations without impeding the achievement of business objectives.

It must be noted that certain risks are inherent to the industry in which the Group operates and hence, beyond the direct control of the Board. Thus, the controls implemented by the Group are limited to those risks that the Group is able to manage, mitigate and minimise. The Board also acknowledges that it has general responsibility for taking such steps as are reasonable to safeguard the assets of the Group and to prevent, detect fraud and other irregularities.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group’s system of internal control are described below:

Board Committees

The Group’s system of internal control is based on a clear definition of responsibilities and the delegation of authority to the various Board and Management Committees, all of which act in accordance with their respective formal terms of reference. At present, the established Board Committees are Audit Committee, Nomination Committee and Remuneration Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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KEY ELEMENTS OF INTERNAL CONTROL *(continued)*

Organisational Structure

The Group has a defined organisational structure that is aligned with its business and operational requirements. There is a clearly defined reporting lines and limits of authority / delegation of authority. In addition, all expenditures are approved in accordance with the formal limits of authority.

Policies and Procedures

There are formalised policies and procedures in place to ensure the adequacy of controls and compliance with relevant laws and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes. We also ensure all our legal contracts and documents are vetted by reputable firms of solicitors.

During the year, our subsidiary company, Maju Weko Timber Industries Sdn. Bhd. ("MWTI") has maintained its ISO 9001:2015 accreditation for the provision of works. Such certification demonstrates our ongoing commitment to drive excellence and continuous quality improvement.

Internal Audit

S&F Cap has outsourced its internal audit function to a professional service firm, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"). Sterling reports to the AC directly and has organised its work covering the conduct of the audit planning, execution, documentation, communication of findings and consultations with key stakeholders on the internal audit findings. AC approves the internal audit plan and monitors the progress of the audit periodically. During the financial year under review, Sterling has carried out independent reviews to ascertain the adequacy and integrity of the Group's system of internal controls and ensure compliance with applicable laws and regulations, and the reliability of financial information to safeguard the shareholders' interests and Company's assets. Where weaknesses are identified as a result of the reviews, remedial and improvement measures are recommended to strengthen controls. Follow-up reviews are conducted by Internal Auditors to assess the status of the implementation of the recommendations by the Management. All findings and recommendations from the internal auditors are directly reported to the AC and AC will subsequently report to Board. Further details of the internal audit function are set out in the Audit Committee Report of this Annual Report.

Board Meetings

The Audit Committee and Board conduct quarterly meetings to review quarterly results, annual financial statements, related party transactions and updates on business development.

Sufficient Insurance Coverage

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

Good Corporate Governance Policies

Anti-Bribery and Anti-Corruption Policy and Whistle-Blowing Policy were established to supplement the Group's Code of Conduct and Ethics. This is also part of the Group's efforts toward its corporate responsibilities in relation to the new provision of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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REVIEW BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance with Paragraph 15.23 of the MMLR of Bursa Securities and the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. Based on the procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board's approach to risks does not focus on risk avoidance but the identification and management of an acceptable level of risk. The Group Managing Director and the Chief Financial Officer have provided the assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively. There were some internal control weaknesses identified by the external and internal auditors during their audits of S&F Cap and its subsidiary companies for the financial year ended 30 June 2022. The recommended improvements have been reported to the Audit Committee and have been or are in the process of being addressed by management. None of these weaknesses have resulted in any material losses, contingencies and/or uncertainties that would warrant disclosure in this Annual Report.

The Board is of the view that the Group's system of risk management and internal controls are adequate to safeguard shareholders' investments and the Group's assets. The process as outlined in this Statement for identifying, evaluating and managing risks has been in place for the year under review and is up to date of approval of this Statement. Nonetheless, the Board intends to comply with the best corporate governance practices possible and as such, continuous efforts are being taken by the Board to enhance the Group's system of internal control.

This Statement on Risk Management and Internal Control was presented and approved at the Board of Directors' Meeting held on 21 October 2022.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) was formed to act as a committee of the Board of Directors (“Board”) of S&F Cap. Its primary function is to assist the Board in fulfilling its fiduciary duties and to provide the following oversight objectives on the operations and business activities of S&F Cap and its subsidiary companies (“S&F Cap Group”):

- To oversee the financial reporting function.
- To evaluate the internal and external audit processes.
- To assess the processes and issues in relation to the system of internal control and risk management within the S&F Cap Group.

COMPOSITION AND MEETINGS

The current AC comprises of three (3) members with a majority of Independent Non-Executive Directors. This composition is in compliance with Paragraph 15.09(1)(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). None of the AC members has appointed alternate directors.

There were five (5) AC meetings held during the FYE 2022 as part of its standard schedule of meetings. No supplementary meetings were necessary during the FYE 2022. The detail of AC’s composition and the record of attendance of each member are as follows:

Composition of the Audit Committee		Attendance at the Committee Meetings held during the FYE 2022
Chairman	Arthur Law Hian Tat <i>Independent Non-Executive Director</i>	5/5
Member	Tan Sri (Dr) Ir. Jamilus Bin Md. Hussin <i>Independent Non-Executive Chairman</i>	5/5
Member	Tan Tai Ming <i>Non-Independent Non-Executive Director</i>	5/5

Minutes of each AC meeting were recorded by the Company Secretary and tabled for confirmation at the next AC meeting prior to presenting to the Board for notation.

TERMS OF REFERENCE

The terms of reference (“TOR”) of AC sets out the authority, duties and responsibilities of the AC. It is published on the Company’s website at www.snfcapital.com.my for shareholders’ reference.

AUDIT COMMITTEE REPORT

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SUMMARY OF AC'S ACTIVITIES

The activities of the AC during FYE 2022 comprise the following:

1. Financial Reporting

- a. Reviewed the Group's unaudited quarterly financial results and audited financial statements before recommending the same to the Board for approval.
- b. Reviewed the Group's compliance with the MMLR of Bursa Securities, Malaysian Financial Reporting Standards and other relevant legal and regulatory requirements.

2. Annual Reporting

Reviewed the Corporate Governance Overview Statement, Audit Committee Report and Statement of Risk Management and Internal Control for compliance with the regulatory requirement and guidelines and recommended the same to the Board for approval prior to their insertion into the Company's Annual Report.

3. External Auditors

- a. Evaluated the adequacy of the experience and suitability of External Auditor firm, their audit engagements, audit communications, independence, objectivity, the size and complexity of the group being audited and the number and experience of supervisory and professional staff assigned to the particular audit and made recommendations to the Board on their appointment.
- b. Discussed and reviewed with the external auditors, the applicability and impact of the new accounting standards.
- c. Reviewed the audit plan, AC memorandum, key audit areas, significant audit matters, proposed audit fee and scope of work for the FYE 2022.
- d. Private meeting without the presence of Executive Board members and management to discuss all major issues arising from the audit and any other matters the External Auditors might wish to raise.

4. Internal Audit

- a. Evaluated the adequacy of the experience and suitability of the internal auditors, their audit engagements, the size and complexity of the group being audited and the number and experience of supervisory and professional staff assigned to the particular audit and made recommendations to the Board on their appointment.
- b. Reviewed the internal audit reports prepared by the internal auditors, audit recommendations made and management's response to the recommendations where appropriate.
- c. Reviewed internal audit plan and its revision to ensure adequate audit scope and coverage of the key risks areas of business operations of the Group are carried out.

AUDIT COMMITTEE REPORT

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SUMMARY OF AC'S ACTIVITIES *(continued)*

5. Related Party Transactions

- a. Reviewed all recurrent related party transactions and other related party transactions entered into by the Group on a quarterly basis to ensure that the transactions entered into were on an arm's length basis and on normal commercial terms.
- b. Reviewed the Circular to shareholders in relation to the recurrent related party transactions mandate and recommended to the Board to seek shareholders' approval.
- c. Reviewed the Minimum Transfer Pricing Documentation.

6. Risk Management

- a. Reviewed Risk Management Handbook and Enterprise Risk Management with recommendation for Board's approval.
- b. Reviewed AC TOR and recommended the Board to approve the inclusion of risk management functions into the AC TOR.
- c. Reviewed existing insurance coverage for the Company and its subsidiaries.

INTERNAL AUDIT FUNCTION

The Group's internal audit function has been outsourced to an independent professional firm, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") since April 2020. Sterling is a corporate member of The Institute of Internal Auditors Malaysia ("IIAM"). The Internal Auditor ("IA") reports directly to the AC on its activities based on the approved Internal Audit Plan, designed to cover entities across all levels of operations within the Group, and the extent of compliance of such entities within the Group's established policies and procedures as well as internal control best practices, guidelines and objectives.

The internal audit review emphasises more on the effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations and safeguarding of assets. The internal control review adopts the Enterprise Risk Management Framework of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control-Integrated Framework as a basis for evaluating the effectiveness of the Group's internal control systems. COSO is an internationally recognised organisation providing guidance on internal control, enterprise risk management and governance.

During the FYE 2022, the IA completed an internal audit review on the following areas in the S&F Cap Group:

- Recurrent Related Party Transaction.
- Human Resources and Administration.
- Follow up reviews on broad internal control system at the corporate level, tenders and contracts, managing sub-contractors, project management, finance and accounts.

The internal audit reports were issued to the Management highlighting the findings on any systems and internal control weaknesses together with recommendations for improvement. Management implements the corrective and preventive actions based on the agreed timelines. The reports were tabled to the AC for deliberations and process improvement.

The cost incurred in maintaining the outsourced internal audit function for the FYE 2022 is RM32,309.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

The Directors consider that in preparing the financial statements:

- The Group and the Company have used appropriate accounting policies that are consistently applied;
- Reasonable and prudent judgements and estimates have been made; and
- All applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with regulatory requirements.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.