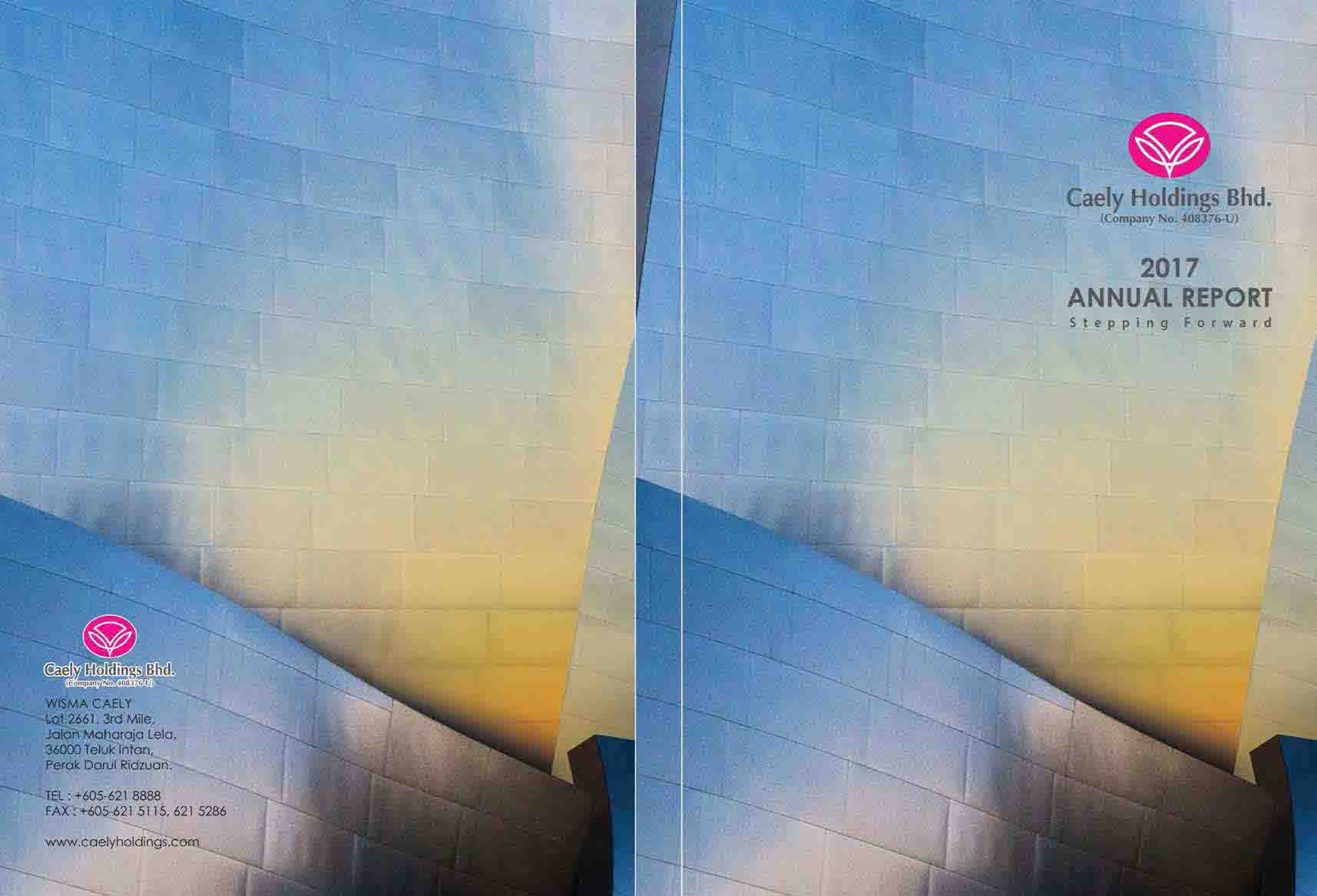

Caely Holdings Bhd.
(Company No. 408376-U)

WISMA CAELY
Lot 2661, 3rd Mile,
Jalan Maharaja Lela,
36000 Teluk Intan,
Perak Darul Ridzuan.

TEL : +605-621 8888
FAX : +605-621 5115, 621 5286

www.caelyholdings.com

Caely Holdings Bhd.
(Company No. 408376-U)

2017
ANNUAL REPORT

Stepping Forward

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Fong Nyok Yoon
Executive Chairperson/
Non-Independent
Executive Director

Dato' Chuah Chin Lai
Managing Director/
Non-Independent
Executive Director

Siow Hock Lee
Independent
Non-Executive Director

Ooi Say Teik
Independent
Non-Executive Director

Hem Kan @ Chan Hong Kee
Independent
Non-Executive Director

RISK MANAGEMENT AND AUDIT COMMITTEE

Siow Hock Lee
Chairman

Ooi Say Teik
Hem Kan @ Chan Hong Kee
Members

REMUNERATION COMMITTEE

Ooi Say Teik
Chairman

Datin Fong Nyok Yoon
Siow Hock Lee
Members

NOMINATION COMMITTEE

Hem Kan @ Chan Hong Kee
Chairman

Ooi Say Teik
Siow Hock Lee
Members

COMPANY SECRETARIES

Chan Sau Leng
(MAICSA 7012211)
Ruzeti Emar Binti Mohd Rosli
(LS 0009965)

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad
Stock Code: 7154

REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03 – 7841 8000
Fax: 03 – 7841 8199

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
1st Floor,
Standard Chartered Bank
Chambers
21-27,
Jalan Dato' Maharaja Lela
30000 Ipoh
Perak Darul Ridzuan
Tel: 05 - 254 9545
Fax: 05 - 253 2366

SHARE REGISTRAR

Mega Corporate Services
Sdn Bhd
Level 11-2, Faber Imperial
Court
Jalan Sultan Ismail
P.O.Box 12337
50774 Kuala Lumpur
Tel: 03 - 2692 4271
Fax: 03 - 2732 5388

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Bhd
Malayan Banking Berhad
Hong Leong Bank Berhad
Ambank (M) Berhad
Affin Bank Berhad

NOTICE OF 21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting ("AGM") of Caely Holdings Bhd will be convened and held at Geno Hotel, Jalan Subang Mas, Taman Subang Mas, 47620 Subang Jaya, Selangor Darul Ehsan on Tuesday, 19 September 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

AGENDA

ORDINARY BUSINESS

1	To receive the Statutory Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' Reports thereon.	(Please refer to Explanatory Note I)
2	To approve the payment of a single tier tax exempt final dividend of 1 sen per share amounting to RM800,000.00 on 80,000,000 ordinary shares for the financial year ended 31 March 2017.	(Resolution 1)
3	To approve the payment of Directors' fees amounting to RM240,350.00 for the financial year ended 31 March 2017.	(Resolution 2)
4	To approve the payment of Directors' fees and benefits up to an amount of RM300,000.00 to the Directors with effect from 31 January 2017 until the next AGM.	(Resolution 3)
5	To approve the re-election of the following Directors who shall retire pursuant to Article No. 124 of the Constitution of the Company:-	
	(i) Mr Ooi Say Teik; and	(Resolution 4)
	(ii) Mr Siow Hock Lee.	(Resolution 5)
6	To approve the re-appointment of Mr Hem Kan @ Chan Hong Kee as Director of the Company.	(Resolution 6)
7	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 March 2018 and to authorise the Directors to determine their remuneration.	(Resolution 7)

NOTICE OF 21ST ANNUAL GENERAL MEETING *(CONTINUED)*

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

8 **Approval to Continue In Office as an Independent Non-Executive Director**

"THAT approval be and is hereby given to the following Independent Non-Executive Directors, who have served the Company for a cumulative term of more than nine (9) years, to continue to serve as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2012:-

(i) Mr Ooi Say Teik; (Resolution 8)

(ii) Mr Siow Hock Lee; and (Resolution 9)

(iii) Mr Hem Kan @ Chan Hong Kee." (Resolution 10)

9 **Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

"THAT subject always to the Companies Act, 2016 ("the Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and the approval of the relevant government/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company." (Resolution 11)

10 To transact any other business of the Company which due notices shall be given in accordance with the Companies Act, 2016 and the Constitution of the Company.

NOTICE OF 21ST ANNUAL GENERAL MEETING *(CONTINUED)*

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of single tier tax exempt final dividend of 1 sen per share for the financial year ended 31 March 2017 ("Dividend") under Resolution 1 at the Twenty-First AGM of the Company, the Dividend will be paid to the shareholders on 26 October 2017. The entitlement date for the Dividend shall be 6 October 2017:-

A Depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositors' Securities Account on or before 4.00 p.m. on 6 October 2017 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia.

BY ORDER OF THE BOARD

CHAN SAU LENG (MAICSA 7012211)
RUZETI EMAR BINTI MOHD ROSLI (LS 0009965)
Joint Secretaries
Selangor Darul Ehsan

31 July 2017

NOTES:

1 Only depositors whose names appear in the Record of Depositors as at 12 September 2017 ("General Meeting Record of Depositors") shall be regarded as members entitled to attend, speak and vote at the Meeting.

2 A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

3 A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the proxies shall not be valid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

4 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5 The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

NOTICE OF 21ST ANNUAL GENERAL MEETING *(CONTINUED)*

NOTES: *(CONTINUED)*

6 The instrument appointing a proxy must be deposited at the Registered Office situated at Level 8 Symphony House Block D13 Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF 21ST ANNUAL GENERAL MEETING *(CONTINUED)*

EXPLANATORY NOTES:

1 ***Statutory Financial Statements for the financial year ended 31 March 2017***

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Statutory Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

2 ***Ordinary Resolution No. 3 – Directors' Fees and Benefits***

Ordinary Resolution No. 3 relates to the proposed payment of Directors' fees and benefits to the Directors from 31 January 2017 until the next AGM of the Company, which comprise the following:-

	Board Chairman	Executive Directors	Non-Executive Directors
Directors' Fees	RM62,675	RM62,675	RM115,000
Meeting Allowance for attendance of Board and Board Committee Meetings	RM500 per meeting	RM300 per meeting	RM300 to RM500 per meeting
Other Benefits	Company car	Company car	-

3 ***Ordinary Resolutions No. 8, 9 & 10 – Approval to Continue in Office as an Independent Non-Executive Director***

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Ooi Say Teik, Mr Siow Hock Lee and Mr Hem Kan @ Chan Hong Kee who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and hereby recommends them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) They have fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Malaysia's Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;

(ii) They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at the Meetings;

(iii) They have contributed sufficient time and efforts and attended all the Meetings for informed and balanced decision making; and

(iv) They have exercised due care and diligence during their tenure as Independent Non-Executive Directors of the Company and carried out their fiduciary duty in the interest of the Company and shareholders without being subject to influence of management.

NOTICE OF 21ST ANNUAL GENERAL MEETING *(CONTINUED)*

EXPLANATORY NOTES: *(CONTINUED)*

4 ***Ordinary Resolution No. 11 – Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016***

The Resolution 11, if approved, will empower the Directors of the Company, from the date of the above AGM, authority to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM of the Company.

The Mandate is as renewal of the Mandate granted by the members at the last AGM held on 23 September 2016. The Mandate granted at the last AGM was not utilised by the Company and thus, no proceeds were raised.

The Renewed Mandate will empower the directors to raise fund via issuance of new shares without delay, in the event of business opportunities arise.

NOTICE OF 21ST ANNUAL GENERAL MEETING *(CONTINUED)*

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NAMES OF DIRECTORS STANDING FOR RE-ELECTION OR RE-APPOINTMENT

1 Ordinary Resolutions 4 and 5 - Re-election of Directors

The Directors who are retiring pursuant to Article No. 124 of the Constitution of the Company and seeking for re-election at the forthcoming Twenty-First Annual General Meeting ("21st AGM") are as follows:-

(i) Mr Ooi Say Teik; and
(ii) Mr Siow Hock Lee.

2 Ordinary Resolution 6 - Re-appointment of Director

There is no age limit to act as directors in a public company pursuant to the Companies Act 2016 which came in force on 31 January 2017. In this respect, Mr Hem Kan @ Chan Hong Kee, aged above 70 who was re-appointed pursuant to Section 129 of the Companies Act 1965 at the last AGM of the Company, will hold office until the conclusion of this 21st AGM.

The Ordinary Resolution 6, if passed, will enable Mr Hem Kan @ Chan Hong Kee, who has offered himself for re-appointment as Director at the 21st AGM, to continue to act as a Director of the Company and he shall be subject to retirement by rotation at a later date.

Details of the above Directors are set out in the Directors' Profiles section and their shareholdings in the Company, where applicable, are set out in the Analysis of Shareholdings section appearing on pages 12 to 14 and 155 to 157 of the Company's Annual Report respectively.

GROUP STRUCTURE

Caely Holdings Bhd.
(Company No. 408376-U)

100%
Caely (M) Sdn Bhd
(Co. No. 157988-V)

100%
CLASSITA
CLASSITA (M) SDN. BHD.
(Co. No. 189994-T)

100%
MARYWAH INDUSTRIES (M) SDN. BHD.
(Co. No. 212866-H)

100%
CAELY DEVELOPMENT SDN BHD
(Co. No. 183149-V)

51%
OMNI GREEN SDN BHD
(Co. No. 772912-K)

FINANCIAL HIGHLIGHTS

Group's	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	91,522	94,531	94,496	118,135	119,130
Profit Before Tax	2,126	4,811	5,014	7,534	7,182
Profit Attributable to Owners of the Company	1,681	7,104	3,786	5,159	5,515
Dividend Declared			800	800	800
Shareholders' Equity	65,176	74,046	76,883	82,797	87,099
Total Assets	92,677	107,963	131,924	157,703	149,819
Total Borrowings	14,352	14,690	19,185	31,920	23,613
Basic Earnings Per Share (sen)	2.10	8.88	4.73	6.45	6.89
Net Assets Per Share (RM)	0.81	0.93	0.96	1.03	1.09

DIRECTORS' PROFILE

DATIN FONG NYOK YOON
Aged 55, Malaysian, Female
Executive Chairperson/Non-Independent Executive Director

Datin Fong Nyok Yoon is the Executive Chairperson of Caely Holdings Bhd (CHB), a post she has held since 2 October 2002. She is also a member of the Remuneration Committee.

Datin Fong has been involved in the ladies undergarments industry since she started her career in 1985 and has garnered extensive experience and knowledge in this industry. She is the driving force in the Original Equipment Manufacturer (OEM)'s export markets, which has been the dominant revenue contributor to the Group.

Datin Fong is the spouse to Dato' Chuah Chin Lai, the Managing Director and a major shareholder of the Company. She does not hold any directorship in other public companies. Currently, she holds directorship in the subsidiaries of CHB.

Save as disclosed above, she does not have any family relationship with any other Director and/or major shareholder of the Company and does not have any conflict of interest with CHB. She has not been convicted of any offences within the past five (5) years other than traffic offences, if any. She attended all five (5) Board Meetings of CHB held during the financial year ended 31 March 2017.

DATO' CHUAH CHIN LAI
Aged 57, Malaysian, Male
Managing Director

Dato' Chuah Chin Lai is the Managing Director of CHB, a post he has held since his appointment on 2 October 2002.

Dato' Chuah has gained vast business acumen with his involvement with various businesses. He and his spouse, Datin Fong Nyok Yoon, were among the founders of the Group's business. He heads the direct selling division and is actively involved in the Group's Property and Construction and OEM export businesses.

He does not hold any directorship in other public companies. Currently, he holds directorship in the subsidiaries of CHB.

Save as disclosed above, Dato' Chuah does not have any family relationship with any Director and/or major shareholder of the Company and does not have any conflict of interest with CHB. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any. He attended all five (5) Board Meetings of CHB held during the financial year ended 31 March 2017.

DIRECTORS' PROFILE *(CONTINUED)*

SIOW HOCK LEE
Aged 61, Malaysian, Male
Independent Non-Executive Director

Siow Hock Lee is an Independent Non-Executive Director of CHB and was appointed to the Board on 5 June 2003. He is the Chairman of the Risk Management and Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr. Siow is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants. He has extensive working experience in providing audit and accounting related services. Mr. Siow is also an Independent Non-Executive Director of Amtel Holdings Berhad and Green Ocean Corporation Berhad, the shares of both companies are listed and traded on Bursa Malaysia Securities Berhad.

Mr. Siow has no family relationship with the other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has not been convicted for any offences within the past five (5) years other than traffic offences, if any. He attended all five (5) Board Meetings of CHB held during the financial year ended 31 March 2017.

OOI SAY TEIK
Aged 57, Malaysian, Male
Independent Non-Executive Director

Ooi Say Teik is an Independent Non-Executive Director and was appointed to the Board on 5 June 2003. He holds the post of Chairman of the Remuneration Committee and is a member of the Risk Management and Audit Committee and Nomination Committee.

Mr. Ooi graduated from the University of Malaya in 1985 with a Bachelor of Arts (Hons), majoring in Economics and obtained his Bachelor of Laws (Hons) from the University of London. He was called to the Malaysian Bar and admitted as an Advocate and Solicitor of the High Court of Malaya in 1991. He is a partner of a legal firm that is involved in a wide spectrum of the law that covers areas in corporate, banking and litigation.

Mr. Ooi is an Independent Non-Executive Director of Green Ocean Corporation Berhad. He has no family relationship with the other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has not been convicted for any offences within the past five (5) years other than traffic offences, if any. He attended all five (5) Board Meetings of CHB held during the financial year ended 31 March 2017.

DIRECTORS' PROFILE *(CONTINUED)*

HEM KAN @ CHAN HONG KEE
Aged 77, Malaysian, Male
Independent Non-Executive Director

Hem Kan @ Chan Hong Kee is an Independent Non-Executive Director and was appointed to the Board on 5 June 2003. He is the Chairman of the Nomination Committee and a member of the Risk Management and Audit Committee.

Mr. Chan has extensive business experience in various business sectors such as housing development and oil palm plantation. He is the Honorary Chairman for both the Perak Chinese Chamber of Commerce and Industry and the Lower Perak Chinese Chamber of Commerce. He is also the Board Chairman of San Min Secondary School, Teluk Intan, and is an Adviser to the Hilir Perak Dialysis Centre.

Mr. Chan does not hold any directorship in other public companies and has no family relationship with the other Directors and major shareholders of CHB. He has no conflict of interest with CHB and has not been convicted for any offences within the past five (5) years other than traffic offences, if any. He attended four (4) Board Meetings of CHB held during the financial year ended 31 March 2017.

PROFILE OF KEY SENIOR MANAGEMENT

CHUAH LIM TAI
Aged 32, Malaysian, Male
General Manager

Mr. Chuah Lim Tai was appointed as a General Manager on 1 April 2011. He holds a Bachelor of International Trade and Marketing from the University of Victoria, Australia.

Mr. Chuah began his career with Caely (M) Sdn Bhd as a Sales and Training Executive on 3 September 2007 and was promoted to Marketing Manager on 1 May 2009. He was then promoted as a Deputy General Manager on 1 May 2010 and finally to his current position on 1 April 2011. He has ten (10) years of experience in heading the direct sales and retail business in the Group.

Mr. Chuah is the son of Dato Chuah Chin Lai and Datin Fong Nyok Yoon, the Managing Director and Executive Chairperson respectively of the Group. He has no conflict of business with the Company and has not convicted of any offences within the past five (5) years other than traffic offences, if any. He has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

EXECUTIVE CHAIRPERSON'S STATEMENT

On behalf of the Board of Directors of Caely Holdings Bhd, I am pleased to present the Annual Report and the Audited Financial Statements of Caely Holdings Bhd for the financial year ended 31 March 2017.

FINANCIAL REVIEW

2017 has been a challenging year for the Group. The sluggish local and global economic environment has been affected by continued economic uncertainties, escalation of costs due to inflationary pressure and fluctuation in foreign exchange rates and credit crunch in the property industry.

Despite this challenging backdrop, the Group delivered revenue of RM119.1 million in the financial year under review, a marginal improvement of RM1.0 million as compared to the revenue of RM118.1 million in the previous financial year. The increase in revenue was mainly attributed to the Property and Construction segment which posted revenue of RM50.6 million, an improvement of RM5.3 million over the previous financial year, and the Direct Selling segment which contributed revenue of RM3.4 million, an improvement of RM1.4 million over the previous financial year. However, the Manufacturing segment posted lower revenue of RM64.5 for the current financial year as compared to RM70.1 for the previous financial year.

In line with the slight increase in revenue, the Group posted a marginal improvement in profit after tax of RM5.1 million as compared to RM4.9 million in the previous financial year. With a net profit attributable to owners of the Company of RM5.5 million, the basic earnings per share for the current financial year 2017 increased to 6.89 sen from that of 6.45 sen in the previous financial year. The Group's financial position remains strong with total equity attributable to equity holders as at 31 March 2017 of RM88.0 million as compared to RM83.3 million in the previous financial year end.

DIVIDEND

The Board has recommended a single tier tax exempt final dividend of one (1) sen per ordinary share for the financial year ended 31 March 2017. The dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

EXECUTIVE CHAIRPERSON'S STATEMENT
(CONTINUED)

PROSPECTS

The Group foresees a competitive operating environment for the coming new financial year. The global region is still hard to predict as there are uncertainties with the new U.S administration and its policies that may affect other regions. Domestically, the Malaysian economy is expected to chart a steady growth for the coming financial year and the Malaysian Institute of Economic Research is expecting a GDP growth of 4.5%. The property market will remain subdued because of the weakened economic and financial environment.

In view of such outlook, the Board expects the market sentiments to be unfavourable and will continue to be cautious of the challenges ahead. Nevertheless, the Group remains committed to exercise prudence and place great emphasis on improving the operational processes, cost cutting exercise and consistently looking for new business opportunities to further improve the financial performance of the Group.

Barring any unforeseen circumstances, the Board is cautiously optimistic to deliver satisfactory results for the coming financial year.

APPRECIATION

On behalf the Board, I wish to convey my sincere appreciation for the support and confidence given to us by our shareholders, customers, financiers, business associates and the government authorities.

Also, I wish to thank the management team and the staff of the Group for their hard work, dedication, loyalty and trust throughout the year.

Datin Fong Nyok Yoon
Executive Chairperson

MANAGEMENT DISCUSSION AND ANALYSIS

The information in this Management Discussion and Analysis ("MDA") should be read in conjunction with the accompanying financial statements for the financial year ended 31 March 2017. The MDA should not be construed to imply any conclusion that such results, causes and trends will necessarily continue in the future.

OVERVIEW OF GROUP'S BUSINESS

Caely Holdings Bhd is an investment holding company and has business segments under several subsidiaries comprising Manufacturing, Property Development and Construction, Direct Selling and Retail and Others. Caely Holdings Berhad's objective is to remain focus on its Manufacturing, Property Development and Construction and Direct Selling and Retail segments.

We strive to be the leading manufacturer of lingerie products and provider of affordable homes and commercial properties in Malaysia.

Our Group mission is:

(1) **C**ommitting to produce superb quality and innovative products;

(2) **A**dapting to the rapid economical and technological changes;

(3) **E**mphasising on excellent services to our customers;

(4) **L**eading the field with innovative and competent team of people; and

(5) **Y**ielding to consistent profit growth which is in line with the needs of shareholders, employees, business associates and the community in we operate.

BUSINESS SEGMENTS

1) **Manufacturing segment**

This segment is involved in the manufacturing and trading of ladies undergarments for both the local and export markets. For the local market, the products are primarily marketed under the company's own brands and manufactured for Original Equipment Manufacturer (OEM) brands. For the export market, the products are completely manufactured under OEM brands. The export market is still the dominant revenue contributor to the Group for the current financial year, accounting for 52.7% of the Group revenue. The Group aims to be the dominant Malaysian manufacturer of ladies undergarments in the export markets. With escalating operational costs in Malaysia, the Group plans to engage more subcontractors in other countries such as Myanmar, Bangladesh, etc. to take advantage of the availability of cheaper labour costs whilst increasing manufacturing capacity. In addition, engaging subcontractors in other countries saves capital expenditure and provides the flexibility and ease of exit. The manufacturing facility in Malaysia will continue to manufacture and focus on high margin orders as well as conduct research and development of new designs and fittings.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

BUSINESS SEGMENTS *(continued)*

2) **Property Development and Construction segment**

This segment started out first in Construction in 2013 and included Property Development in 2014.
The Construction works were in respect of residential houses in the Lower Perak region. Major existing contract works are expected to complete by end of financial year 31 March 2018. Other smaller contract works are expected to continue.

For the property development, the Group has two main projects that are currently ongoing. The first project is in Perak along the Tapah Road which is a mixed development of residential and commercial buildings. The first phase of this project will be completed in the financial year ending 31 March 2018. Later phases will continue but the pace of development is expected to be slow due to the weak sentiment in the property market.

The second project is in the Ulu Kelang area in Selangor which is a high rise condominium project. This project was an abandoned project which the Group revives. Completion of this project is also expected to be in the financial year ending 31 March 2018. A vacant lot adjacent to the current condominium project is awaiting future development.

3) **Direct Selling and Retail segment**

The Direct Selling and Retail segment are involved in the trading of our house brands of ladies undergarment and other consumer products via direct sales as well as ladies undergarments in the retail market locally. This segment started out initially as direct selling. With the changes in time, our direct selling approach has been realigned to suit current consumers' taste, preference and spending behavior. Our venture into the retail markets is to create another avenue to increase our customer base as well as to promote our house brands to the local market.

FINANCIAL PERFORMANCE REVIEW

During the financial year ended 31 March 2017, revenue increased slightly by 0.8% or RM1.0 million from RM118.1 in the financial year 2016 to RM119.1 million for the current financial year. The Group posted profit after tax of RM5.1 million as compared to RM4.9 million in the previous financial year. The slightly higher profit was mainly attributable to a combination of higher sales and favourable foreign exchange.

Operational expenses for the current financial year 2017 was RM15.7 million as compared to RM15.1 million for the previous financial year. This represents an increase of RM0.6 million of which staff costs accounted for an increase of RM0.5 million.

Finance cost for the current financial year increased by RM0.3 million to RM1.3 million as compared to RM0.5 million in 2016. Interest in the previous year was lower as some term loans were only taken up in 2016 and hence, interest incurred for 2016 was not for a full financial year. Also contributed to the higher finance costs was partly due to higher utilization of overdraft facilities for the property and construction activities.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

FINANCIAL PERFORMANCE REVIEW *(continued)*

The following table is the summary of revenue comparison for financial years 2017 and 2016 of the Group's business segments.

Revenue	2017 RM'000	2016 RM'000	% Growth
Property Development and Construction	50,617	45,276	11.8
Manufacturing	64,537	70,131	(8.0)
Direct Selling and Retail	3,447	2,069	66.6
Others	529	659	(19.7)
	119,130	118,135	0.8

(i) Property Development and Construction

Revenue contribution from the Property Development and Construction increased by RM5.3 million or 11.8% from RM45.3 million in 2016 to RM50.6 million in 2017. The increase was mainly attributable to the higher revenue generated from the condominium project in Ulu Kelang, Selangor. In line with the increase in revenue, the segmental profit before tax improved by RM1.5 million to RM4.3 million in 2017 as compared to RM2.8 million in 2016.

(ii) Manufacturing

The revenue from the Manufacturing segment, however, registered a drop of RM5.6 million or 8.0% as compared to 2016. The decrease was mainly due to lower sales orders from United States of America (USA) and Canada, hence reversing revenue of RM6.3 million and RM8.6 million respectively, even though exports to Germany increased by RM7.8 million. Kindly refer to our segment reporting in Note 6 to the financial statements on those countries that the Group exports.

Segmental profit before tax for this segment decreased by RM2.1 million to RM4.0 in 2017 from RM6.1 million in 2016. This was mainly attributable to lower export revenue for the current financial year.

(iii) Direct Selling and Retail

The revenue for the Direct Selling and Retail segment increased by RM1.4 million or 66.9% in 2017 as compared to the previous financial year. The increase in revenue was mainly derived from improvement in trading sales and retail stores. In line with the higher revenue, the loss before tax for the Direct Selling and Retail segment improved by RM1.1 million to RM0.2 million in 2017 from RM1.3 million in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

LIQUIDITY AND CAPITAL RESOURCES

The Group's total borrowings decreased from RM31.9 million in 2016 to RM23.6 in 2017. The decrease was due to repayment of short term facility for contract works financing. Most of these existing borrowings are for property development. In view of this, the Group's gearing ratio has improved to 0.27 times in 2017 as compared to 0.39 times in 2016. Further details of the Group's financial position are listed on the "financial highlights" of the Annual Report.

The Group's trade and other receivables as at 31 March 2017 was RM42.2 million, a decrease of RM7.1 million as compared to RM49.3 million in 2016. The decrease was due to accelerated collection from our receivables, particularly our trade receivables from the Property and Construction segment.

As at 31 March 2017, the Group's trade and other payables decreased by RM5.4 million to RM34.3 million from RM39.7 million. This decrease was mainly due to repayment of progress billings to the subcontractors for property development of RM4.0 million and other payables of RM3.0 while the trade payables increased by RM1.9 million.

POTENTIAL RISKS

As the Group is principally involved in the manufacturing and trading of ladies undergarments products and property development and construction, the Group is subject to certain risks inherent in the nature of its business. These risks, inter-alia, include:

(i) increasing cost of labour and raw materials;
(ii) constraints in the supply of labour and raw materials;
(iii) changes in consumers' preferences and tastes;
(iv) threats of new entrants;
(v) changes in the regulatory, economic and business conditions; and
(vi) financial risks such as credit, foreign currency, interest rate and liquidity.

The Group seeks to manage these risks through, amongst others, continuous review and evaluation of the Group's operations and strategies and prudent business policies. Operational efficiency and effectiveness are key areas which the Group emphasizes so to improve its financial performance.

FORWARD-LOOKING STATEMENT

For the labour-intensive Manufacturing segment, the Group will strive to improve its manufacturing capacity by engaging more sub-contractors overseas in an effort to mitigate the increasing labour cost and alleviate the shortage of labour force in Malaysia. On the other hand, the Group will continue to look for new buyers overseas to expand our revenue base by promoting our latest designs and quality of our ladies' undergarments products. The Group will strive to focus on the manufacturing and trading business as it is the major contributor of revenue for the Group. As a substantial part of the Manufacturing revenue is derived from exports, we anticipate it will continue to contribute positively to our profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

FORWARD-LOOKING STATEMENT *(continued)*

For the Property Development and Construction segment, the property sector is generally sluggish on the back of a slowing economy and tightening credit and financing conditions. However, this slowdown is still manageable as Malaysian economic fundamentals are relatively strong and stable. Against this backdrop, the Group's existing on-going projects in Tapah Road, Perak and Ulu Kelang, Selangor have encouraging responses as our homes and commercial building prices are affordable and are expected to contribute positively to the earnings for the Group. We believe our affordable prices for our residential and commercial units may not be severely affected by the slowdown in property sector.

For the Direct Selling and Retail segments, the revenue contribution in financial year ended 31 March 2017 has registered vast improvement over 2016. Although this segment still registered losses, this improvement in revenue augurs favourably for the Group over the immediate short term. The Group will continue to focus on trading sales as well as the upgrading and improving our retail outlets and product assortments so as to attract more customers while building our own brands.

The direct selling and retail markets remains challenging as the domestic economic conditions remain uncertain with inflationary pressures affecting consumers' spending patterns. As Malaysian economy is projected to improve for the financial year ending 2018 as reported by the Malaysian Institute of Economic Research, the Group expects that the direct selling and retailing business to improve.

DIVIDEND

The Group has yet to formalise a dividend policy, although it continues to maintain paying dividends to its valued shareholders for the past few years, after having carefully considered amongst others, factors such as the Group's financial position, operational and working capital requirements and the need to preserve cash for future development, particularly in the property development segment.

As mentioned in the Executive Chairperson Statement, a single tier tax exempt final dividend of RM0.01 has been recommended for the financial year ended 31 March 2017 pending approval from shareholders at the coming Annual General Meeting. The Group will strive that its shareholders continue to benefit from dividend payout balanced with sustainable long term growth of the Group.

CORPORATE SOCIAL RESPONSIBILITY

The Board and Management acknowledges the importance of Corporate Social Responsibility (CSR) and is committed uphold its firm belief in the interest of its stakeholders in the work place, community and the environment as a caring and sharing corporate entity.

(i) Work place

The Group recognises the importance of the contributions of its employees and has always considered the human resource as one of the critical components of a Company's success. The Company has always strived to provide a conducive working environment by promoting fair promotional and remuneration schemes, welfare and improving the quality of life for all.

The human resource development and training programs focus on building leadership, self-confidence, personal and work competence. Trainings are conducted either in-house or outsourced. These programs include formal classroom to on-the-job, action-based trainings. Through such trainings, we believe the employees will be well equipped and motivated to perform their duties to realise their full potential.

The Group is also concerned on the Health and Safety of its employees and strives to maintain a work place that is safe and risk-free. A health and safety committee has been set up and one of its main tasks is to respond quickly and efficiently in the event of an emergency. Through the collaboration with the local fire and rescue department, fire drills are being conducted at least twice a year which include the use of fire-fighting equipment, first aid, Cardiopulmonary Resuscitation (CPR), orderly evacuation procedures and other hazard preventive measures.

(ii) Community

As a caring corporate entity, the Group has always adopted the "Caring and Sharing" approach to the community. The Group participates in the local community and society by providing the needy and less fortunate ones the chance to work together with their peers. With the assistance and collaboration of the local institution, Bethany Home of the Handicapped, the Group has continued to employ some of their students after appropriate trainings. The Group also donates to Bethany Home and several old folk homes regularly in either cash and/or consumer products. In addition, the Group also donates to local schools and organisations in the local community.

(iii) Environment

The Group is committed to ensure that all its activities will not have a significant negative impact on the environment. Being an exporter, the Group's manufacturing segment has to comply with the stringent requirements of our overseas buyers that the raw materials used are free from harmful substances and are tested in accordance to Oeko-Tek Standard 100, a worldwide independent testing and certification of raw, semi-finished and finished textile products. The Group insists that all our suppliers must comply with this standard.

The Group is aware of the important of resources conservation and has continually educate our staff on environment conservation. As such, the Group is committed to recycling to reduce wastages by reusing recycled paper for photocopying and printing. Also staff are encouraged to print doubled-sided to conserve paper and only important documents are printed and encourage communication via emails for letters and memos.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") recognises the importance of corporate governance and is committed to maintain high standard of corporate governance throughout the Group as a fundamental role in discharging its responsibilities towards achieving the optimal governance framework.

The Board is pleased to disclose the manner in which the 8 principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") are applied in the Group and the extent of compliance pursuant to paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). Unless otherwise stated, the Company is in compliance with the requirements of the Code.

1 PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Board should establish clear functions reserved for the Board and those delegated to Management

The Board is responsible for the Group's objectives, policies and stewardship of the Group's resources. The Executive Directors decide and implement operational decisions whilst the Non-Executive Directors contribute to the formulation of policies and decision-making through their knowledge and experience in similar or other businesses and sectors. Their roles are clearly demarcated.

The Non-Executive Directors are independent of management and free from any business relationship which could interfere with the exercise of their independent judgement. Together, they play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, taking into account the long-term interests of the shareholders, employees, customers, and the various communities in which the Group conducts its business.

1.2 Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions

The Board assumes the following roles and responsibilities:

- Reviewing and adopting strategic plans for the Group;
- Overseeing the overall conduct of the Group's businesses to ensure that they are being properly managed;
- Identifying principal risks and ensuring that appropriate control systems are implemented to manage those risks;
- Formulating and implementing policies for succession planning, including recruiting, training, rewarding and, where appropriate, replacing senior management;
- Developing and implementing an investor's relations program or shareholder communications policies; and
- Reviewing the adequacy and the integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *(continued)*

1.2 Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions *(continued)*

The Board adopts an enterprise-wide risk management program to formalise the process by which risks are identified, assessed, controlled and reviewed. The Board and the Risk Management and Audit Committee will continue to review the Group's whole system of internal control including operational, compliance and risk management as well as financial controls.

1.3 Board should formalise ethical standards through a code of conduct and ensure its compliance

The Board has adopted the Code of Conducts and Ethics and the Whistleblowing Policy in 2013. The Company shall observe and comply with the Code of Conduct and Ethics which can be accessed on the Company's website at www.caelyholdings.com.

The Code of Conduct and Ethics describes the behaviour expected of our employees and how they relate to our Business Principles and core values whilst the Whistleblowing Policy is designed to cultivate a positive environment where integrity and ethical behavior is fostered and in which employees can raise genuine concerns without fear of recrimination and enable prompt corrective action to be taken where appropriate. Generally, all disclosures pursuant to the Whistleblower Policy are to be made to the Group Chairperson who will then refer the disclosure together with a general recommendation to the Risk Management and Audit Committee Chairman.

1.4 Board should ensure that the Company's strategies promote sustainability

The Board recognises the importance of sustainability and its increasing significance in operating its businesses. As such, the Board has established a Sustainability Policy and will ensure that the Company's current business decision-making process incorporates the Environment, Social and Governance aspects.

1.5 Board should have procedures to allow its Members access to information and advice

All Board Members are provided with the agenda for the meeting together with detailed reports and information on a timely basis before each Board Meeting is convened. Board papers are circulated prior to Board Meetings and the board papers provide among others, financial and corporate information, significant operational, financial and corporate issues, performance reports and management proposals for Board's approvals. Senior management staff are invited to attend Board Meetings when necessary to provide further explanation and clarification on matters being tabled.

All Directors have full and unrestricted access to all information within the Group and they have fiduciary duties to make enquiries, if any, in discharging their duties. The Directors can also have access to the advice and services of the Company Secretary and independent professional advisers whenever deemed necessary at the Company's expense.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

1 PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *(continued)*

1.6 Board should ensure it is supported by two (2) competent Company Secretaries

The Board is supported by two (2) competent Company Secretaries from Symphony Corporatehouse Sdn. Bhd both of whom are qualified, namely as a member of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and a Licensed Secretary from Companies Commission of Malaysia. The Board has unrestricted access to the advice and services as the Company Secretaries. The Company Secretaries attend all Board meetings as well as Board Committee meetings and ensure that accurate and proper records of the proceedings of such meetings are kept. The Company Secretaries play an advisory role to the Board on matters involving the Company's constitution and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Board is satisfied with the performance and support provided by the Company Secretaries in discharging their duties.

1.7 Board should formalise, periodically review and make public its Board Charter

The Board affirms the importance of the roles and responsibilities of the Board and management. As an integral part of the corporate governance process, the Board has set out these roles and responsibilities in the Board Charter to ensure accountability for both parties. The Board will review the Board Charter periodically to ensure that it is in line with the Board's objectives and responsibilities. The details of the Board Charter are available for reference on the Company's website at www.caelyholdings.com.

2 PRINCIPLE 2: STRENGTHEN THE COMPOSITION

2.1 Board should establish a Nomination Committee which should comprise exclusively of non-executive directors, a majority of whom must be independent

The Nomination Committee ("NC") of the Company comprises exclusively of Independent Directors. The members of the NC are as follows:

Hem Kan @ Chan Hong Kee, Chairman of NC
Ooi Say Teik
Siow Hock Lee

The NC was established to assist the Board in proposing suitable new nominees for appointment of Directors, to Board and Board Committees wherever necessary as well as assessing the Directors on an ongoing basis as to their skills and other qualities.

The NC reviews annually the required mix of skills and experience of Directors, including core competencies which the Directors should bring to the Board. During the financial year under review, the NC had carried out the annual assessment and was satisfied that the Board and Board Committees are effective as a whole and having the required mix of skills, size and composition, experience, competencies and other qualities. The NC was also satisfied that each of its Directors has the character, experience, integrity, competence and time to effectively discharge their respective roles.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

2 **PRINCIPLE 2: STRENGTHEN THE COMPOSITION** *(continued)*

2.1 Board should establish a Nomination Committee which should comprise exclusively of non-executive directors, a majority of whom must be independent *(continued)*

The Terms of Reference of the NC is available for reference on the Company's website at www.caelyholdings.com.

2.2 Nomination Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors

The NC is empowered by the Board to make recommendations as to the appointment of any new Directors or to fill board vacancies as and when they arise. When making the recommendation, the NC will take into consideration the required mix of skills, knowledge, expertise, experience and other qualities required to become a new Board member.

The NC also assesses the effectiveness of the Board as a whole as well as the contribution of each individual Director including the Independent Non-Executive Directors. The NC's assessments and evaluations are documented.

In addition, the NC undertakes evaluation of suitability of Directors seeking for re-election at the Annual General Meeting under the following requirements:-

- Constitution of the Company, where 1/3 of the Directors is to retire; and
- The Code's requirements for Independent Directors who have served the Board for cumulative term of more than nine (9) years to continue serving as Independent Directors.

The Board recognises the government's initiatives to include women representatives in the boardroom and currently, the Company complies with this recommendation with the presence of the Executive Chairperson.

The Group does not have a specific policy regarding gender, ethnicity and age group as all candidates shall be given fair and equal treatment. The suitability of candidates is evaluated based on the candidates' character, competency, experience, time commitment and integrity in meeting the needs of the Group. The Board believes in the principles of non-discrimination and merit when making appointment to the Board and Board Committees, regardless of race, ethnicity, gender, age, religion or belief.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

2 **PRINCIPLE 2: STRENGTHEN THE COMPOSITION** *(continued)*

2.3 **Board should establish formal and transparent remuneration policies and procedures to attract and retain directors**

The members of the Remuneration Committee ("RC") are as follows:

Ooi Say Teik, Chairman of RC
Datin Fong Nyok Yoon
Siow Hock Lee

The RC was established to assist the Board in assessing the remuneration packages of the Directors of the Company and its subsidiaries. The RC is to recommend to the Board, the level of remuneration for the Directors. The Board will decide after considering the recommendations of the RC. The Terms of Reference of the RC is available for public viewing on the Company's website at www.caelyholdings.com.

The Remuneration Policy is based on the need to attract, motivate and retain qualified members of the Board as well as to align the interests of the Board with the interests of the Company's shareholders.

The Executive Directors' remuneration is linked to performance, services, seniority, experience and scope of responsibilities and comprises salaries, fees, allowances and bonuses. Other customary benefits are also made available as appropriate. Other factors like market rates and industry practices are considered during the review of salaries, as and when the Board deems appropriate.

For instance, the basic salary takes into account the performance of the individual, the scope of responsibility, information from independent sources on the rates of salary for similar jobs and other relevant indicators. Bonuses to Executive Directors are based on various performance measures of the Group, together with an assessment of each individual's performance during the year. Other customary benefits-in-kind, such as cars are made available as appropriate. Contributions are also made to the Employees Provident Fund where applicable.

In the case of Independent Directors, the level of fees reflects the experience, expertise and the responsibilities undertaken by the individual Independent Director. All Directors are paid meeting allowance for attendance at each meeting.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

2 **PRINCIPLE 2: STRENGTHEN THE COMPOSITION** *(continued)*

2.3 Board should establish formal and transparent remuneration policies and procedures to attract and retain directors *(continued)*

Details of the Directors' Remuneration for the financial year ended 31 March 2017 are as follows:-

	Fees RM	Salaries and other Emoluments RM	Benefits in kind RM	Total RM
Executive Directors	125,350	915,693	18,600	1,059,643
Non-Executive Directors	115,000	6,200	0	121,200
	240,350	921,893	18,600	1,180,843

	Number of Directors		
	Executive Directors	Non-Executive Directors	Total
RM1 to RM50,000	-	2	2
RM50,001 to RM100,000	-	1	1
RM450,001 to RM500,000	1	-	1
RM550,001 to RM600,000	1	-	1
	2	3	5

The Best Practices of the Code recommends the disclosure of the details of each individual Director's remuneration. The Board is of the view that the transparency and accountability in this respect are appropriately served by the band disclosure made above.

3 **PRINCIPLE 3: REINFORCE INDEPENDENCE**

3.1 Board should undertake an assessment of its independent directors annually

The Board, through its NC, assesses the independence of the Independent Directors annually. Such assessment is to ensure that the Independent Directors would bring independent and objective judgment and opinion to the Board. The Board is satisfied with the level of independence demonstrated by the Independent Directors. During the financial year ended 31 March 2017, the NC held two (2) meetings to carry out assessment on the contribution and performance of each individual Director and this includes an assessment on the independence of the Independent Directors. The Board is satisfied with the contribution and performance of each individual Director. The Independent Directors comply with the criteria of independence set under the Listing Requirements.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

3 **PRINCIPLE 3: REINFORCE INDEPENDENCE** *(continued)*

3.2 **Tenure of Independent Director should not exceed cumulative terms of nine (9) years. Upon completion of tenure, Independent Director can continue serving but as Non-Executive Director**

In regards to the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, the Board is of the view that the ability of an Independent Director to exercise independent judgments and observations is not affected by the length of his service as an Independent Director. The ability and aptness of Independent Director to carry out his roles and responsibilities effectively are very much dependent on his competence, experience and personal qualities. This restriction on the tenure may cause the loss of experience and expertise towards the Board's efficiency.

Currently, all the Independent Directors have served the Board for more than nine (9) years. However, the Board has assessed the independence of all the Independent Directors and is of the opinion that all the Independent Directors remain objective and independent in expressing their view and in participating in deliberations and decision making of the Board and the Board Committees.

3.3 **Board must justify and seek shareholders' approval in retaining Independent Directors serving more than nine (9) years**

Based on the justifications outlined above, the Company will seek shareholders' approval at the forthcoming Annual General Meeting to retain all the Independent Directors who have served the Company for more than nine (9) years.

3.4 **Positions of Chairman and CEO should be held by different individuals and the Chairman must be a Non-Executive Member of the Board**

The positions of Executive Chairperson and Managing Director are held by two different individuals with clear separation of duties defined in the Board Charter. Whilst the Executive Chairperson is involved in the operations of the manufacturing and sale of the undergarments division, she also leads the Board in the oversight of management. The Managing Director focuses on the overall business and day-to-day operations of the Property and Construction Division of the Company.

The Board, being mindful that the Executive Chairperson is not a Non-Executive member as prescribed by the Code, is of the opinion that the element of independence is currently strong as the Independent Directors comprise the majority of the Board. This provides assurance of proper balance of power and authority in the governance of the Board and the Company.

3.5 **Board must comprise majority Independent Directors if the Chairman is not an Independent Director**

As at the financial year ended 31 March 2017, the Chairman is not an Independent Director. However, the Company has a majority of Independent Directors sitting on the Board. Their presence provides a check and balance in discharge of the Board function in arriving at decisions made by the Board.

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

4 PRINCIPLE 4: FOSTER COMMITMENT

4.1 Board should set out expectations on time commitment for its members and protocols for accepting new directorships

In discharging its duties, the Board meets at least once quarterly. Additional meeting will be called if necessary. The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities.

The attendance record of the financial year ended 31 March 2017 is set out in the table below:-

Directors	Attendance
Datin Fong Nyok Yoon	5/5
Dato' Chuah Chin Lai	5/5
Siow Hock Lee	5/5
Ooi Say Teik	5/5
Hem Kan @ Chan Hong Kee	4/5

As Directors should devote sufficient time to carry out their responsibilities, the Board will obtain this commitment from its Members at the time of their appointment in other public listed companies. The appointed Director should notify the Chairman before accepting any new directorship. The notification will include an indication of time that will be spent on the new appointment. During the financial year ended 31 March 2017, none of the Directors have accepted new appointment in other public listed companies.

4.2 Board should ensure Members have access to appropriate continuing education programmes

The Group acknowledges the importance of continuous education and training to enable the Board Members to keep abreast on the state of economy, technology advances, regulatory updates and management strategies so as to effectively discharge their duties and responsibilities. An education / training programme is in place to ensure that the Directors are given the opportunity to further enhance their skills and knowledge continuously. All the Directors have attended trainings conducted either in-house or by external party.

The Directors are aware of the importance of having a knowledge-based management and staff force. To this end, the management and staff are encouraged to attend trainings and education programmes to embrace themselves with the latest development and industry updates, etc.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

4 **PRINCIPLE 4: FOSTER COMMITMENT** *(continued)*

4.2 **Board should ensure Members have access to appropriate continuing education programmes** *(continued)*

During the financial year ended 31 March 2017, all Directors have attended training programmes as summarised below:

Directors	Seminar / Training Programmes Attended
Datin Fong Nyok Yoon	– Seminar on Blue Ocean Strategies organised by Lower Perak Chinese Chamber of Commerce
Dato' Chuah Chin Lai	– Seminar on Blue Ocean Strategies organised by Lower Perak Chinese Chamber of Commerce
Siow Hock Lee	– Corporate Financial Reporting (Modules 1-3) – In-house Training for Post GST Implementation Issues and Latest GST Developments – Forum on Key Audit Matters – Independent Directors Programme: The Essence of Independence
Ooi Say Teik	– Independent Directors Programme: The Essence of Independence
Hem Kan @ Chan Hong Kee	– Seminar on Blue Ocean Strategies organised by Lower Perak Chinese Chamber of Commerce

Throughout the year, the Board of Directors also received updates and briefings provided by the Company Secretary, Internal and External Auditors, particularly on information pertaining to significant changes in regulatory framework, legal, accounting and governance practices and activities.

5 **PRINCIPLES 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING**

5.1 **Audit Committee should ensure financial statements comply with applicable financial reporting standards**

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects to shareholders via announcements of its quarterly and annual financial results. In the preparation of financial statements, the Risk Management and Audit Committee and the Board review the financial statements for consistency and appropriateness of the application of accounting standards and policies and for reasonableness and prudence in making estimates, statements and explanations.

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

5 **PRINCIPLES 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING** *(continued)*

5.2 Audit Committee should have policies and procedures to assess the suitability and independence of External Auditors

The Group has established a good working relationship with the External Auditors, Messrs PricewaterhouseCoopers. It also maintains a transparent and professional relationship with the External Auditors in seeking their professional advice and ensuring compliance with the accounting standards in Malaysia.

The Risk Management and Audit Committee is aware of the recommendation of the Code to have policies and procedures to assess the suitability and independence of the External Auditors. After considering the wide range of expertise and business knowledge of the External Auditors and their staff force, the Risk Management and Audit Committee is of the opinion that the current External Auditors are suitable for re-appointment. As to the assessment of the independence of the External Auditors, the Risk Management and Audit Committee is satisfied that the External Auditors are independent in accordance with the By-laws of the Malaysian Institute of Accountants on Professional Ethics, Conducts and Practice. In addition, the External Auditors have given written assurance confirming that they have been independent throughout the conduct of the audit engagement.

After having assessed the suitability and independence aspects of the External Auditors, the Risk Management and Audit Committee recommends their re-appointment. During the financial year ended 31 March 2017, the External Auditors have met twice with the Risk Management and Audit Committee without the presence of the Management.

A full Risk Management and Audit Committee report enumerating its role in relation to the External Auditors is set out in page 40 of the Annual Report.

6 **PRINCIPLE 6: RECOGNISE AND MANAGE RISKS**

6.1 Board should establish a sound framework to manage risks

The Board recognises that risk management is an integral part of the Group's business operations. Risk management is an on-going process that involves different levels of management to identify, evaluate, monitor, manage and mitigate the risks that may affect the Group in achieving its business and corporate objectives.

The management is responsible for creating risk awareness culture so as to build the necessary structure for an effective risk management. Important issues related to risk management and internal controls are brought to the attention of the Board. If necessary, the Board may seek the assistance and consultation of external parties to form an opinion.

The Group has formalised an appropriate risk management framework and the details of the risk management and internal controls are set out in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

6 PRINCIPLE 6: RECOGNISE AND MANAGE RISKS *(continued)*

6.2 Board should establish an internal audit function which reports directly to the Audit Committee

The Board recognises their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risks. Although every effort is made to provide the best possible system of internal control and risk management, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

For the financial year ended 31 March 2017, the Company has outsourced its internal audit functions to RSM Corporate Consulting Sdn Bhd ("RSM"). The representative(s) of RSM have unrestricted access to the Risk Management and Audit Committee Members and report directly to the Committee.

During the financial year, the internal audit reports were provided to the Risk Management and Audit Committee and management in regards to any major findings on the weakness in the systems and controls of the operations. The highlighted areas on the weaknesses, improvements and the implementation of the recommendations are monitored and the reports thereof were presented to the Risk Management and Audit Committee.

7 PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Board should ensure the Company has appropriate corporate disclosure policies and procedures

The Board acknowledges the importance for shareholders to be informed on all material business matters relating to the Group. The Board is committed to provide shareholders and investors with high quality disclosure of material information on a timely basis. This corporate disclosure policy and procedure is available on the Company's website at www.caelyholdings.com.

7.2 Board should encourage the Company to leverage on information technology for effective dissemination of information

The Company affirms the importance of transparency and accountability to its shareholders and investors. As such, the Board ensures that shareholders and investors are informed of the financial performance and major corporate information of the Company. This information is communicated to the shareholders and investors through various announcements and disclosures to Bursa Malaysia Securities Berhad such as the quarterly interim financial results, annual reports and, if appropriate, circulars and press releases.

Besides the mandatory announcements to Bursa Malaysia Securities Berhad, the Company also maintains a website, www.caelyholdings.com which shareholders and investors can access to information on the Group's performance and business activities.

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

8 **PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

8.1 **Take reasonable steps to encourage shareholder participation at general meetings**

The Annual General Meeting ("AGM") is the principal form of dialogue with shareholders. At the AGM, the Executive Chairperson shall inform shareholders that they are encouraged to participate and are given opportunity to raise questions or seek more information on the Company. The Executive Chairperson, Managing Director and other Board Members are also available during the AGM to respond to shareholders' queries.

8.2 **Board should encourage poll voting**

Pursuant to Paragraph 8.29(A)(1) of the Listing Requirements, the Company will comply that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

8.3 **Board should promote effective communication and proactive engagements with shareholders**

The Board is committed to promote effective communication and proactive engagement with shareholders. During general meetings, the Board Members, Company Secretary and External Auditors would be present to answer questions that may be raised. The Executive Chairperson would allot time for shareholders to raise questions for each agenda in the notice of the general meetings.

CORPORATE GOVERNANCE STATEMENT *(CONTINUED)*

OTHER COMPLIANCE INFORMATION

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

During the financial year, the Company did not issue any options, warrants or convertible securities.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR program.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-Audit Fees

The non-audit fees paid to External Auditors, Messrs. PricewaterhouseCoopers by the Company and its subsidiaries amounted approximately RM50,304.

Variation in Results

There were no profit estimate, forecast or projections or unaudited results released which differ by 10% or more from audited results for the financial year ended 31 March 2017.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

Material Contracts

During the financial year, there were no material contracts (not being contracts entered into the ordinary course of business) entered by the Company or its subsidiaries involving the interests of the Directors and major shareholders.

Contracts relating to Loans

There were no contracts relating to loans by the Company in respect of material contracts involving Directors and major shareholders during the financial year.

Revaluation Policy on Landed Properties

The Company has a policy of regular revaluation on the Group's landed properties. Details of the policy are stated in Note 4(b) to the financial statements.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

In compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors is pleased to present the Risk Management and Audit Committee Report which lays out the activities held for the financial year ended 31 March 2017.

MEMBERS OF THE RISK MANAGEMENT AND AUDIT COMMITTEE

The Risk Management and Audit Committee comprises three (3) Directors, all of whom are Independent Non-Executive Directors.

The members are:

Chairman : Siow Hock Lee

Members : Ooi Say Teik
Hem Kan @ Chan Hong Kee

TERMS OF REFERENCE

Composition of members

1 **Objectives**

The principle objective of the Risk Management and Audit Committee ("RMAC") is to assist the Board in fulfilling the following key responsibilities:

(i) Assessing the risk management policies and procedures and internal control;

(ii) Overseeing financial reporting;

(iii) Evaluating the internal and external audit process; and

(iv) Reviewing conflict of interest situations and related party transactions.

2 **Composition**

(i) The Committee is appointed by the Board and consists of at least three (3) members. All the committee members must be Non-Executive Directors, with a majority of them being Independent Directors to fully comply with paragraph 15.09 of the MMLR.

(ii) The Chairman is one of the appointed Independent Non-Executive Directors. In the absence of the Chairman, the meeting shall be chaired by an Independent Director.

(iii) At least one (1) member of the Committee must be qualified under paragraph 15.09(1)(c) of the MMLR.

(iv) No Alternate Director shall be appointed as a member of the Committee.

In the event of any vacancy resulting in the number of members being reduced to below three (3), the vacancy must be filled within three (3) months.

The vacancy of the RMAC Chairman must be filled within three (3) months.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Composition of members *(continued)*

3 **Quorum and Frequency of meetings**

(i) A quorum shall be the majority of Independent Non-Executive Directors;

(ii) Meeting shall be held at least four times each financial year, usually preceding the meetings of the Board;

(iii) The external and internal auditors may request a meeting if they consider it necessary in any Committee Meeting;

(iv) At least twice a year, the Committee shall meet with the external auditors without any Non-Independent Directors or the Management present;

(v) The Managing/Executive Directors and the Finance Manager/Accountant shall attend the quarterly meetings although they do not have any voting rights; and

(vi) The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

4 **Secretary**

The Company Secretary (or any one or more of, if more than one Company Secretary) or such other approved person shall be the secretary of the Committee (the "Committee Secretary"). The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the Committee Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of Committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

5 **Attendance at meetings**

During the financial year ended 31 March 2017 the RMAC held five (5) meetings in the presence of the Company Secretary. The Executive Directors, Senior Management staff and Internal Auditors were invited to the meetings to respond to queries and to provide detailed information and explanations requested. At times, other persons were also invited to assist in its deliberations. The external auditors attended two (2) of the meetings held during the financial year. The RMAC met up with the external auditors without the presence of management twice in those meetings.

The details of attendance of the RMAC members are as follows:

Name of RMAC members	Number of Meeting attended
Siow Hock Lee	5/5
Ooi Say Teik	5/5
Hem Kan @ Chan Hong Kee	4/5

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Authority

The RMAC is authorised by the Board to:

(i) investigate any matter within its terms of reference;

(ii) have full and unrestricted access to any information pertaining to the Group;

(iii) establish a channel of direct communication with the external and internal auditors;

(iv) obtain external legal or other independent professional advice whenever deemed necessary;

(v) report to Bursa Securities if a matter is not satisfactorily resolved and is in breach of the MMLR.

Duties and responsibilities

(a) Risk Management and Internal Control

(i) Review the adequacy and effectiveness of risk management, internal control and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.

(ii) Review the Group's risk management policy and implementation of the risk management framework.

(iii) Review and recommend to the Board, the Directors' Statement on Risk Management and Internal Control and any changes thereto.

(b) Financial Reporting

(i) Review the quarterly results and annual financial statements before making recommendations to the Board for approval for release to Bursa Securities, focusing particularly on:

- Significant matters highlighted including the financial reporting issues, significant judgments made by management, significant and unusual events or transactions or exceptional activities and how these matters are addressed;

- Any changes in or implementation of accounting policies and practices;

- Significant or material adjustments with financial impact arising from the audit;

- Financial decision-making with the presumptions of significant judgments;

- The going concern assumptions; and

- The appropriateness of Management's selection of accounting policies and disclosures in compliance with approved accounting standards, stock exchange and other regulatory requirements.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Duties and responsibilities *(continued)*

(b) Financial Reporting *(continued)*

(ii) Propose best practices on disclosure in annual and other financial reports of the Company in line with the principles set out in the Malaysian Code on Corporate Governance 2012, other applicable laws, rules, directives and guidelines.

(c) External Audit

(i) Recommend the appointment or re-appointment of the external auditors and audit fee to the Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm;

(ii) Make appropriate recommendations to the Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reasons of such resignation, dismissal or cessation of office;

(iii) Review and discuss the nature and scope of the external audit strategy and plan for the year;

(iv) Review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditors' evaluation of the system of internal control and any other matters the external auditors may wish to discuss (in the absence of Management, if required); and

(v) Review whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment.

(d) Internal Audit

(i) Review the adequacy of the scope, function, competency, resources and authority of the internal audit function in carrying out its work;

(ii) Review the risk-based internal audit plans and programs;

(iii) Ensure co-ordination between the internal and external auditors;

(iv) Review the major findings reported by the internal audit and follow up on Management's implementation of the recommended actions;

(v) Annually assess performance of services provided by the internal audit function; and

(vi) Any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of senior staff members of the internal audit function.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Duties and responsibilities *(continued)*

(e) Related Party Transactions

Review and recommend to the Board, matters regarding any related party transactions including disclosures, values of mandates and situations involving potential conflict of interest that may arise within the Company, including any transaction, procedure or course of conducts that raises questions on Management's integrity.

(f) Other Matters

(i) To report to Bursa Securities, if the Committee views that a matter resulting in a breach of the Listing Requirements reported by the Committee to the Board has not been satisfactorily resolved by the Board.

(ii) To highlight such matters as the Committee considers appropriate or as defined by the Board from time to time.

(iii) To announce to Bursa Securities, if there is any related party transactions which exceed the Existing Shareholders' Mandate and provide full reason and detailed explanations.

(iv) To review arrangements by which employees may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action to be taken. This would include any whistle blowing complaints and investigative reports relating to the senior management of the Group.

(v) Review and verify on allocation of share options to ensure compliance with the criteria for allocation of share options (if any).

(vi) To undertake such other functions as may be agreed to by the Committee and the Board.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The summary of the activities carried out by the RMAC in the discharge of its duties and responsibilities during the financial year included, among others, the following:-

- Reviewed the external auditors' scope of work and audit plans for the year;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees;
- Undertook an evaluation of the independence of external auditors;
- Held two (2) separate meetings with the external auditors to discuss audit and related issues without the presence of the Executive Directors and the Management;
- Reviewed the quarterly and annual financial results, reports and announcements for the Board's consideration and approval;
- Reviewed the internal audit plan prepared by the internal auditors;
- Reviewed and discussed reports of the internal auditors and assessed the effectiveness of the system of internal controls in the areas audited;
- Reviewed the risk management program including key risks identified, the potential impacts and assessed the likelihood of the risk occurring;
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with Best Practices set under the Malaysian Code on Corporate Governance 2012;
- Reviewed all related party transactions entered by the Group and the Company to ensure that such transactions are on normal commercial terms which are not detrimental to the interests of the minority shareholders;
- Reported to the Board major events covered by the RMAC and make recommendations to the Board and management concerning these matters.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

INTERNAL AUDIT FUNCTIONS

The Board believes that an internal audit function will provide the RMAC with independent and objective reports on the risk assessment, risk evaluation and recommendation of control activities to manage such risks. The internal auditors will be in the position to report on the state of internal control and the extent of compliance with policies and procedures.

To this end, the internal audit function was outsourced to a firm of consultants who report directly to the RMAC. During the financial year under review, the internal auditors reviewed the following areas:-

- Evaluation and update of the Risk Register Profile;

- Evaluation of the effective controls in Project Management at Head Office covering execution of contracts, progress claims and payments, processing and authorisation, extension completion of time and variation orders, monitoring of subcontractors, consultants and suppliers' performance, budget and actual costs monitoring and review of policies and procedures, etc.;

- Evaluation of the effective controls on the Sales Administration of the Property and Construction segment covering debtors' credit control and monitoring, collection and aging and accuracy of figures reported in the general ledger;

- Follow up audits on the above mentioned areas.

The total cost incurred for the internal audit functions of the Group in respect of the financial year ended 31 March 2017 amounted to RM46,589.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1 INTRODUCTION

The Board is pleased to set out below the Statement on Risk Management and Internal Control which is prepared in accordance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

2 THE BOARD'S RESPONSIBILITIES

The Board and the senior management recognise their overall responsibilities and endeavor to maintain a sound system of risk management and internal controls that covers financial, operational, compliance and risk management practices in the organisation. The Board acknowledges its overall responsibility for the Group's system of risk management and internal controls and for reviewing and maintaining an adequate system of internal controls organisation-wide with consistent integrity so as to improve the governance process of the Group.

Due to the limitations inherent in any system of risk management and internal controls, it must be noted that these systems are designed to manage rather than eliminate the risk of failure in achieving the Group's business objectives. Hence, such systems can only provide reasonable and not absolute assurance against any material loss or misstatement.

The Board has received assurance from the Executive Chairperson and the Group Managing Director that the Group's risk management and internal control is operating adequately in all material aspects based on the existing risk management and internal control systems of the Group.

3 RISK MANAGEMENT FRAMEWORK

The Group has established an on-going risk management commitment for identifying risks, assessing and evaluating its likelihood and impact and taking preventive measures to manage potential risks that may be faced by the Group. In this regard, the risk management policy and framework is established to incorporate, among others the following activities:-

- Identify the various risk factors (financial and non-financial) that can potentially have a significant impact on the Group's success and continuity;
- Establish a risk coverage policy and rank each of these risks according to its relative gravity;
- Assess each of these risks (using the risk factors and relative weight) on the Group's core business lines, i.e. manufacture and sale of undergarment products and property development and construction;
- Establish an overall risk profile in order of priority;
- Establish an overall audit plan that covers all key risk areas;
- Conduct reviews of control activities on high-risk areas;
- Evaluate the control activities and give an opinion on the systems of internal controls;
- Monitor changes in business conditions, environment and operating style; and
- Evaluate changes against risks identified earlier and internal control systems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

4 INTERNAL AUDIT FUNCTIONS

During the financial year under review, the Group outsourced the internal audit function to an independent consultancy firm, RSM Corporate Consulting Sdn Bhd to review the internal control system of the Group and to report directly to the Risk Management and Audit Committee its internal audit findings.

The scope of the internal audit focused on the key risk areas identified in the enterprise-wide risk assessment exercise in accordance with the internal audit plan approved by the Risk Management and Audit Committee. The Risk Management and Audit Committee received reports of the findings of the internal audits with comments from operational heads of the respective departments under audit. These internal audit reports were tabled during the Risk Management and Audit Committee meetings for review and to ensure that the necessary corrective actions are implemented. Updates on the status of action plans as identified in the previous internal audit reports were also presented to the Risk Management and Audit Committee for review and deliberation.

During the financial year under review, a number of internal control weaknesses have been identified and all of which have been or are being addressed by the management. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

A description of the internal audit functions and activities of the internal auditors during the financial year ended 31 March 2017 are included in Risk Management and Audit Committee Report of this Annual Report.

5 KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management and internal control system have the following key elements:-

- The Board of Directors has put in place an organisation structure, which formally defines lines of responsibility, accountability and delegation of authority to the various divisions of the Group's business.

- Internal control procedures in respect of the manufacturing activities are set out in a series of standard operating policies and procedures. These procedures are subject to regular reviews and improvements to reflect changing risks or to resolve operational deficiencies and also, where appropriate, in ensuring compliance with Worldwide Responsible Accreditation Production ("WRAP") certification.

- Management reports are prepared at subsidiary levels on a monthly basis.

- Quarterly performance reports with comprehensive information on financial performance and key business indicators are deliberated at the Risk Management and Audit Committee meetings and thereafter tabled to the Board for consideration and approval.

- The Risk Management and Audit Committee and the Board are committed to identify any significant risks faced by the Group and assess the adequacy of financial and operational controls to address these risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

5 KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

The Group's risk management and internal control system are the following key elements:- *(continued)*

- The Risk Management and Audit Committee reviews the external auditors' recommendations on internal controls arising from the statutory audit.

- The Risk Management and Audit Committee holds meetings to deliberate on the findings and recommendations for improvement presented by both the internal and external auditors on the state of the internal controls system and reports to the Board. As part of the ongoing control improvement process, management will take the appropriate action to address the control recommendations made by the internal and external auditors. None of the internal control weaknesses identified during the financial year under review have resulted in any material losses, contingencies or uncertainties that would require disclosure in this annual report.

- Board and management meetings at operational level are held during the financial year in order to assess performance and controls.

6 REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Malaysia Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of risk management and internal control system of the Group.

7 CONCLUSION

The Board is of the opinion that the development of internal controls is an ongoing process and has taken steps to establish a sound internal controls system and effective risk management framework throughout the Group. The Board is committed to continuously review the internal controls and put in place appropriate structures and frameworks that are necessary to further improve the Group's internal controls environment.

This statement was made in accordance with the solution of the Board dated 27 July 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance of the Group and of the Company for the financial year ended 31 March 2017 in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In preparing the financial statements, the Directors are of the view that the Group and the Company have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and ensured that all applicable approved Financial Reporting Standards have been complied with.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy, the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016 and the applicable approved Financial Reporting Standards.

The Directors also have a general responsibility for taking necessary steps that are reasonably available to them to safeguard the assets of the Group and the Company whereby an appropriate system of internal control is established to prevent and detect fraud as well as other irregularities.

The Directors have considered and pursued the necessary actions to meet their responsibilities as set out in this Statement.

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year attributable to:		
- Owners of the Company	5,515,034	4,199,540
- Non-controlling interests	(412,799)	0
Net profit for the financial year	5,102,235	4,199,540

DIVIDENDS

Dividends declared and paid by the Company since 31 March 2016 is as follows:

	RM
In respect of the financial year ended 31 March 2016:	
- Final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares, paid on 12 October 2016	800,000

In respect of the financial year ended 31 March 2017, the directors recommend a final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares, amounting to RM800,000, subject to the shareholders' approval at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

DIRECTORS

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

Datin Fong Nyok Yoon (Executive Chairperson)
Dato' Chuah Chin Lai (Managing Director)
Siow Hock Lee
Ooi Say Teik
Hem Kan @ Chan Hong Kee

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the directors who held office at the end of the financial year held any shares in, or debentures of, the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
Direct interest	As at **1.4.2016**	**Acquired**	**Disposed**	As at **31.3.2017**
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	12,732,000	0	0	12,732,000
Datin Fong Nyok Yoon	13,630,000	0	0	13,630,000
Indirect interest				
Caely Holdings Bhd. (The Company)				
Dato' Chuah Chin Lai	13,630,000	0	0	13,630,000
Datin Fong Nyok Yoon	12,732,000	0	0	12,732,000
Siow Hock Lee	135,500	0	0	135,500

By virtue of their substantial interests in shares in Caely Holdings Bhd. as at 31 March 2017, Dato' Chuah Chin Lai and Datin Fong Nyok Yoon are deemed to have interests in the shares in all the subsidiaries of the Company.

Other than as disclosed above, none of the directors at the end of the financial year held any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 9 to the financial statements.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(b) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

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

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

In the opinion of the directors:

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

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

SUBSIDIARIES

(a) Details of subsidiaries

Details of subsidiaries are set out in Note 16 to the financial statements.

(b) Audit reports on the financial statements of the subsidiaries

The audit reports on the financial statements of the subsidiaries did not contain any qualification.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 9 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 27 July 2017. Signed on behalf of the Board of Directors:

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

DATIN FONG NYOK YOON
EXECUTIVE CHAIRPERSON

Teluk Intan, Perak Darul Ridzuan

STATEMENT BY DIRECTORS

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

We, Dato' Chuah Chin Lai and Datin Fong Nyok Yoon, being two of the directors of Caely Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 62 to 151 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance of the Group and of the Company for the financial year ended 31 March 2017 in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The supplementary information set out in Note 38 on page 152 have been prepared in accordance with the Guidance on Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 27 July 2017.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

DATIN FONG NYOK YOON
EXECUTIVE CHAIRPERSON

Teluk Intan, Perak Darul Ridzuan

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

I, Dato' Chuah Chin Lai, being the director primarily responsible for the financial management of Caely Holdings Bhd., do solemnly and sincerely declare that, the financial statements set out on pages 62 to 151 and supplementary information set out on page 152 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATO' CHUAH CHIN LAI
MANAGING DIRECTOR

Subscribed and solemnly declared by the abovenamed Dato' Chuah Chin Lai at Teluk Intan in the State of Perak Darul Ridzuan, Malaysia on 27 July 2017.

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Caely Holdings Bhd. ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 151.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(CONTINUED)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(CONTINUED)*

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

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

Key audit matters	**How our audit addressed the key audit matters**
Revenue and costs recognition of Property Development and Construction Contracts Refer to Note 4(h) and Note 4(i) - Significant accounting policies, Note 5 - Critical accounting estimates and judgement, Note 7 - Revenue and Note 8 - Cost of Sale. The Group recognises property development and construction contracts revenue in the statements of comprehensive income by using the stage of completion method.	We performed the following audit procedures: • We tested samples of costs incurred to contractors' claim certificates or invoices from suppliers. Where costs have not been billed or certified, we have assessed the adequacy of management's accruals of such costs by reviewing subsequent contractors claims, suppliers invoices or quantity surveyors approval of claims.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(CONTINUED)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(CONTINUED)*

Key audit matters *(continued)*

Key audit matters	How our audit addressed the key audit matters
Revenue and costs recognition of Property Development and Construction Contracts *(continued)* Property development and construction contracts accounting is inherently complex and we focused on this area because there are significant estimates and judgement involved in the determination of: - stage of completion - extent of property development and construction costs incurred to date - estimated total budgeted costs	• We assessed reasonableness of the estimated total property development and construction costs of major projects by agreeing to supporting documentation; i.e. approved budgets, contracts and variation orders with sub-contractors. • We evaluated variances between actual costs incurred and budgeted costs to assess whether the total estimated costs to completion has been properly updated. • On a test basis, we checked the mathematical calculation of the percentage of completion and the percentage of revenue and costs recognised in the statements of comprehensive income is appropriate. Based on the procedures performed, there was no material exception noted.

There are no key audit matters in relation to the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(CONTINUED)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(CONTINUED)*

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises Directors' Report, Executive Chairperson's Statement, Financial Highlights, Corporate Governance Statement, Risk Management and Audit Committee Report, Statement on Risk Management and Internal Control, List of Properties and all other reports included in the annual report but does not include the financial statement of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(CONTINUED)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(CONTINUED)*

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(CONTINUED)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(CONTINUED)*

Auditors' responsibilities for the audit of the financial statements *(continued)*

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAELY HOLDINGS BHD. *(CONTINUED)*

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
[No. AF: 1146]
Chartered Accountants

LOH LAY CHOON
[No. 2497/03/18(J)]
Chartered Accountant

1st Floor, Standard Chartered Bank Chambers
21-27 Jalan Dato' Maharaja Lela
30000 Ipoh
Perak Darul Ridzuan

27 July 2017

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Revenue	7	119,130,112	118,134,832	4,500,036	13,500,108
Cost of sales	8	(99,476,048)	(97,056,007)	0	0
Gross profit		19,654,064	21,078,825	4,500,036	13,500,108
Other operating income		4,011,974	2,038,879	1,866,302	2,942,718
Selling and distribution costs		(3,580,517)	(3,977,232)	0	0
Administrative expenses		(12,073,491)	(11,099,314)	(573,786)	(545,852)
Other operating expenses		0	0	(842,513)	(100,000)
Profit from operations	9	8,012,030	8,041,158	4,950,039	15,796,974
Finance cost	10	(829,873)	(506,967)	(444,804)	(1,016,403)
Profit before tax		7,182,157	7,534,191	4,505,235	14,780,571
Tax expense	11	(2,079,922)	(2,656,149)	(305,695)	(497,390)
Net profit for the financial year		5,102,235	4,878,042	4,199,540	14,283,181
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on revaluation of land and buildings	27	0	1,870,607	0	0
Deferred tax on revaluation surplus	27	0	(35,547)	0	0
Other comprehensive income for the financial year, net of tax		0	1,835,060	0	0
Total comprehensive income for the financial year		5,102,235	6,713,102	4,199,540	14,283,181
Net profit for the financial year attributable to:					
- owners of the Company		5,515,034	5,159,213	4,199,540	14,283,181
- non-controlling interests		(412,799)	(281,171)	0	0
Net profit for the financial year		5,102,235	4,878,042	4,199,540	14,283,181
Total comprehensive income attributable to:					
- owners of the Company		5,515,034	6,994,273	4,199,540	14,283,181
- non-controlling interests		(412,799)	(281,171)	0	0
Total comprehensive income for the financial year		5,102,235	6,713,102	4,199,540	14,283,181
Earnings per share (sen)					
Basic/diluted	12	6.89	6.45		

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	2017 RM	2016 RM
ASSETS			
Non current assets			
Property, plant and equipment	14	25,266,920	25,666,359
Investment property	15	4,100,000	4,000,000
Deferred tax assets	18	1,092,658	1,092,094
		30,459,578	30,758,453
Current assets			
Property development costs	20	55,988,476	50,880,481
Inventories	21	15,107,274	15,243,532
Receivables, deposits and prepayments	19	42,237,215	49,310,311
Current tax recoverable		458,601	13,213
Marketable securities	22	598,757	584,759
Derivative financial instruments	23	6,401	0
Deposits with licensed banks	24	3,840,992	4,357,070
Bank and cash balances	25	1,121,654	6,554,954
		119,359,370	126,944,320
Total assets		149,818,948	157,702,773
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	49,419,360	40,000,000
Other reserves	27	10,300,415	19,719,775
Retained profits	28	28,339,482	23,624,448
		88,059,257	83,344,223
Non-controlling interests		(960,496)	(547,697)
Total equity		87,098,761	82,796,526

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017 *(CONTINUED)*

	Note	2017 RM	2016 RM
LIABILITIES			
Non current liabilities			
Hire-purchase creditors	29	359,813	138,252
Term loans	30	10,318,750	11,628,849
Deferred tax liabilities	18	1,009,732	767,673
		11,688,295	12,534,774
Current liabilities			
Payables and accrued liabilities	31	34,266,399	39,675,117
Provisions	32	3,112,392	1,678,361
Current tax payable		718,705	865,355
Hire-purchase creditors	29	125,018	118,053
Term loans	30	1,289,056	4,146,869
Short term bank borrowings			
- bank overdrafts	33	8,933,781	13,330,402
- others	33	2,586,541	2,557,316
		51,031,892	62,371,473
Total liabilities		62,720,187	74,906,247
Total equity and liabilities		149,818,948	157,702,773

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	2017 RM	2016 RM
ASSETS			
Non current assets			
Property, plant and equipment	14	130,846	148,986
Investment property	15	4,100,000	4,000,000
Investments in subsidiaries	16	61,554,486	61,804,486
Deferred tax assets	18	9,190	8,441
Receivables, deposits and prepayments	19	29,647,782	29,460,533
		95,442,304	95,422,446
Current assets			
Receivables, deposits and prepayments	19	6,024,703	6,024,483
Marketable securities	22	598,757	584,759
Cash and bank balances	25	221,693	41,880
		6,845,153	6,651,122
Total assets		102,287,457	102,073,568
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	49,419,360	40,000,000
Other reserves	27	1,851,511	11,270,871
Retained profits	28	38,699,041	35,299,501
Total equity		89,969,912	86,570,372
LIABILITIES			
Non current liabilities			
Payables and accrued liabilities	31	0	8,196,498
Deferred tax liabilities	18	139,714	134,714
		139,714	8,331,212
Current liabilities			
Payables and accrued liabilities	31	12,131,076	6,956,784
Current tax payable		46,755	215,200
		12,177,831	7,171,984
Total liabilities		12,317,545	15,503,196
Total equity and liabilities		102,287,457	102,073,568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to owners of the Company							
	Share capital RM	Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
GROUP								
At 1 April 2016	40,000,000	9,419,360	80,344	10,220,071	23,624,448	83,344,223	(547,697)	82,796,526
Total comprehensive income								
Net profit/ Total comprehensive income for the financial year	0	0	0	0	5,515,034	5,515,034	(412,799)	5,102,235
Transactions with owners								
Dividend for the financial year ended 31 March 2016 (Note 13)	0	0	0	0	(800,000)	(800,000)	0	(800,000)
Transition to no-par value regime on 31 March 2017 (Note 26)	9,419,360	(9,419,360)	0	0	0	0	0	0
At 31 March 2017	49,419,360	0	80,344	10,220,071	28,339,482	88,059,257	(960,496)	87,098,761

The new Companies Act 2016 (the "Act"), which came into operation on 31 March 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM9,419,360 for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

	Attributable to owners of the Company							
	Share capital RM	Share premium RM	Reserve on consolidation RM	Revaluation reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
GROUP								
At 1 April 2015	40,000,000	9,419,360	80,344	8,385,011	19,265,235	77,149,950	(266,526)	76,883,424
Net profit for the financial year	0	0	0	0	5,159,213	5,159,213	(281,171)	4,878,042
Other comprehensive income								
Revaluation surplus (Note 27)	0	0	0	1,835,060	0	1,835,060	0	1,835,060
Total comprehensive income	0	0	0	1,835,060	5,159,213	6,994,273	(281,171)	6,713,102
Transactions with owners								
Dividend for the financial year ended 31 March 2015 (Note 13)	0	0	0	0	(800,000)	(800,000)	0	(800,000)
At 31 March 2016	40,000,000	9,419,360	80,344	10,220,071	23,624,448	83,344,223	(547,697)	82,796,526

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Non-distributable			Distributable	
	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
COMPANY					
At 1 April 2016	40,000,000	9,419,360	1,851,511	35,299,501	86,570,372
Total comprehensive income					
Net profit/Total comprehensive income for the financial year	0	0	0	4,199,540	4,199,540
Transaction with owners					
Dividend for the financial year ended 31 March 2016 (Note 13)	0	0	0	(800,000)	(800,000)
Transition to no-par value regime on 31 March 2017 (Note 26)	9,419,360	(9,419,360)	0	0	0
At 31 March 2017	49,419,360	0	1,851,511	38,699,041	89,969,912

The new Companies Act 2016 (the "Act"), which came into operation on 31 March 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM9,419,360 for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

	Non-distributable			Distributable	
	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
COMPANY					
At 1 April 2015	40,000,000	9,419,360	1,851,511	21,816,320	73,087,191
Total comprehensive income					
Net profit/Total comprehensive income for the financial year	0	0	0	14,283,181	14,283,181
Transaction with owners					
Dividend for the financial year ended 31 March 2015 (Note 13)	0	0	0	(800,000)	(800,000)
At 31 March 2016	40,000,000	9,419,360	1,851,511	35,299,501	86,570,372

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	5,102,235	4,878,042	4,199,540	14,283,181
Adjustments for:				
Property, plant and equipment				
- depreciation	1,173,535	1,432,113	18,140	18,141
- gains on disposals	(50,944)	(38,663)	0	0
- write off	3,344	11,073	0	0
- impairment charge	463,774	0	0	0
- clawback of revaluation deficit previously charged out to profit or loss	0	(25,365)	0	0
Fair value gain on revaluation of investment property	(100,000)	(800,000)	(100,000)	(800,000)
Impairment charge on investment in a subsidiary	0	0	250,000	0
Allowance for doubtful debts				
- charge for the financial year	120,414	189,950	592,513	100,000
- write back	(157,741)	(2,949)	0	0
Liquidated damages receivable from contractors	(1,270,338)	0	0	0
Provision for liquidated damages	1,901,762	430,000	0	0
Interest expense	811,113	488,193	444,804	1,016,403
Interest income	(159,244)	(121,833)	(1,325,194)	(1,943,457)
Gross dividend income from marketable securities	(21,275)	(15,160)	(21,275)	(15,160)
Fair value losses on marketable securities	(113,898)	106,069	(113,898)	106,069
Gains on disposals of marketable securities	(15,432)	(6,812)	(15,432)	(6,812)
Fair value (gains)/losses on derivative financial instruments	(6,401)	25,413	0	0
Gross dividend income from a subsidiary	0	0	(4,500,036)	(13,500,108)
Net unrealised foreign exchange loss	99,819	600,931	0	0
Tax expense	2,079,922	2,656,149	305,695	497,390
	9,860,645	9,807,151	(265,143)	(244,353)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES *(continued)*				
Net movements in working capital:				
Inventories	136,258	81,810	0	0
Property development costs	(4,544,497)	(14,062,928)	0	0
Receivables	7,403,083	(4,312,632)	(220)	(21,397)
Payables	(3,877,412)	5,525,497	50,810	(29,118)
Cash flows from/(used in) operations	8,978,077	(2,961,102)	(214,553)	(294,868)
Liquidated damages and compensation paid (Note 32)	(532,220)	0	0	0
Interest paid	(2,552,926)	(1,950,719)	0	0
Tax paid	(2,430,465)	(1,506,088)	(469,889)	(469,703)
Tax refund	0	53,319	0	13,856
Net operating cash flow	3,462,466	(6,364,590)	(684,442)	(750,715)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment (Note 14)	(212,089)	(85,956)	0	0
Proceeds from disposals of property, plant and equipment	41,740	17,000	0	0
Interest income received	51,752	14,299	1,757	242
Cash advanced to subsidiaries	0	0	(136,325)	(133,161)
Cash repaid from subsidiaries	0	0	680,000	544,640
Marketable securities				
- payments for investments	0	(81,809)	0	(81,809)
- proceeds from disposals	115,332	80,708	115,332	80,708
- dividend received	21,275	15,160	21,275	15,160
Net investing cash flow	18,010	(40,598)	682,039	425,780

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposits released/(pledged) under lien for credit facilities with licensed banks	626,240	(626,240)	0	0
Repayments of short term bank borrowings	(14,635)	(26,152)	0	0
Repayments of hire-purchase creditors	(121,474)	(240,613)	0	0
Advances repaid to a director	(36,950)	(3,789)	0	0
Repayments of term loans	(4,167,912)	(1,451,175)	0	0
Dividend paid (Note 13)	(800,000)	(800,000)	(800,000)	(800,000)
Cash advanced from a subsidiary	0	0	1,085,000	1,235,000
Cash repaid to a subsidiary	0	0	(102,784)	(109,806)
Drawdown of term loans	0	7,450,000	0	0
Net financing cash flow	(4,514,731)	4,302,031	182,216	325,194
Net movement in cash and cash equivalents	(1,034,255)	(2,103,157)	179,813	259
Effects of exchange rate changes on cash and cash equivalents	(2,424)	(288,764)	0	0
Cash and cash equivalents at beginning of the financial year	(6,775,448)	(4,383,527)	41,880	41,621
Cash and cash equivalents at end of the financial year (Note 25)	(7,812,127)	(6,775,448)	221,693	41,880

The principal non cash transactions are disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1 GENERAL INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The addresses of the registered office and principal place of business of the Group and the Company are as follows:

Registered office	Principal place of business
Level 8, Symphony House	Lot 2661, 3rd Mile
Block D13, Pusat Dagangan Dana 1	Jalan Maharaja Lela
Jalan PJU 1A/46	36000 Teluk Intan
47301 Petaling Jaya	Perak Darul Ridzuan
Selangor Darul Ehsan	

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27July 2017.

2 BASIS OF PREPARATION

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

The Group, includes transitioning entities ("TE"), has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") for annual period beginning 1 April 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

TE are those entities within the scope of MFRS 141 "Agriculture" and/or IC Interpretation 15 "Agreements for the Construction of Real Estate", including a parent, significant investor and venturer of such entities.

The financial statements of the Group and the Company have been prepared under the historical cost convention unless stated otherwise in the summary of significant accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

2 BASIS OF PREPARATION *(CONTINUED)*

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

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 to the financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and are effective

The Group has applied the following amendments for the first time for the financial year beginning 1 April 2016:

- Amendments to FRS 101 "Presentation of financial statements - Disclosure Initiatives"
- Amendments to FRSs 10, 12 and 128 "Investment entities - Applying The Consolidation Exception"
- Amendment to FRS 11 "Accounting for acquisition of interests in joint operations",
- Amendments to FRS 116 and FRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Amendments to FRS 127 "Equity Method in Separate Financial Statements"
- Annual improvements to FRSs 2012-2014 Cycle covering amendments to FRS 5 "Non current Assets Held for Sale and Discontinued Operations", FRS 7 "Financial Instruments: Disclosures", FRS 119 "Employee Benefits" and FRS 134 "Interim Financial Reporting"

The adoption of these amendments did not have any significant financial impact on the Group and the Company and did not result in substantial changes in the Group's and the Company's accounting policies and disclosures in the year of initial application.

(b) New standards early adopted by the Group

There is no new standard early adopted by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial years beginning on or after 1 April 2017 as follows:

Financial year beginning 1 April 2017

- Amendments to FRS 107 "Statement of Cash Flows - Disclosure Initiative". The amendments to FRS 107 introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to FRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses". The amendments to FRS 112 clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

  The amendments shall be applied retrospectively.

- Annual improvements to FRSs 2014-2016 Cycle

  (a) FRS 12 "Disclosures of Interests in Other Entities"

  The amendments clarified that:

  (i) when an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale in accordance with FRS 5, the entity is not required to disclose summarised financial information of these interests.

  (ii) other disclosure requirements in FRS 12 remain applicable.

  (b) FRS 128 "Investments in Associates and Joint Ventures"

  The amendments allow:

  (i) venture capital organisations, mutual funds, unit trusts and similar entities to elect, on an individual basis, measuring their investments in associates and joint ventures at fair value through profit or loss.

  (ii) an entity that is not an investment entity to retain the fair value measurement applied by its associates or joint ventures (that are investment entities) when applying equity method.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective *(continued)*

Financial year beginning 1 April 2018

- The amendments to FRS 140 "Classification on Change In Use - Assets transferred to, or from, Investment Properties" clarify that to transfer to, or from, investment properties there must be a change in use. A change in use would involve an assessment of whether a property meet, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.

  The amendments clarified that the same principle applies to assets under construction.

- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. FRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

  IC Int. 22 provides guidance how to determine "the date of transaction" when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- FRS 9 "Financial Instruments" will replace FRS 139 "Financial Instruments: Recognition and Measurement".

  FRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective *(continued)*

Financial year beginning 1 April 2018 *(continued)*

- FRS 9 "Financial Instruments" will replace FRS 139 "Financial Instruments: Recognition and Measurement". *(continued)*

  For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

  FRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 "Revenue from Contracts with Customers" replaces FRS 118 "Revenue" and FRS 111 "Construction contracts" and related interpretations

  The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(CONTINUED)*

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective *(continued)*

Financial year beginning 1 April 2018 *(continued)*

- MFRS 15 "Revenue from Contracts with Customers" replaces FRS 118 "Revenue" and FRS 111 "Construction contracts" and related interpretations (continued)

  Key provisions of the new standard are as follows:
  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

Financial year beginning 1 April 2019

- MFRS 16 "Leases" supersedes FRS 117 "Leases" and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the profit or loss.

  For lessors, MFRS 16 retains most of the requirements in FRS 117. Lessors continue to classify all leases as either operating leases or finance leases, and account for them differently.

The Group and the Company are currently still in the process of assessing the impact of the new standards upon initial application of these standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries which were acquired in 2003 were accounted for using the merger method. The Group has taken advantage of the exemption provided by FRS 1 to not restate business combinations that occurred before 1 July 2010. Accordingly, business combinations entered into prior to 1 July 2010 have not been restated.

Under the merger method of accounting, the results of the subsidiaries are consolidated and presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying value of the investment in subsidiaries over the nominal value of the shares acquired is taken to merger deficit. The merger deficit is set off against the retained profits.

Other than those stated above, the Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Consolidation *(continued)*

(i) Subsidiaries *(continued)*

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position of the Group respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Consolidation *(continued)*

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(b) Property, plant and equipment

Property, plant and equipment are initially stated at cost, net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment. Freehold land and buildings are subsequently shown at fair value, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Property, plant and equipment *(continued)*

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Freehold land is not depreciated as it has an infinite life. Capital work in progress is not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use.

All other property, plant and equipment are depreciated on the straight line method to allocate the cost of the assets or their revalued amounts to their residual values over their estimated useful lives at the following annual rates:

Buildings	3%
Plant and machinery	10%
Furniture, fittings, equipment and renovations	5% - 20%
Motor vehicles	20%
Golf course development	10%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 4(f) on impairment of non financial assets.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised as income or expense in profit or loss. When revalued assets are sold, the revaluation surplus included in equity is transferred directly to retained profits when the asset is retired or disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Investment property

Investment property, comprising principally land and office building, is held for long term rental yields or for capital appreciation or both, and an insignificant portion is occupied by the Group for own production or supply of goods or services or for administrative purposes.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of such a property at the date of transfer is treated in the same way as a revaluation under FRS 116 "Property, plant and equipment". Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase credited directly to other comprehensive income in revaluation surplus reserve. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus reserve, with any remaining decrease charged to profit or loss. On subsequent disposal of the investment property, the revaluation surplus included in equity is transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Accounting by lessee

(i) Finance leases

Leases of property, plant and equipment where the Group has substantially assumed all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

(e) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses.

On disposal of an investment, the difference between disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus reserve. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued amount in which case it is taken to revaluation surplus reserve.

(g) Inventories

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

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

(i) Inventories of raw materials, work in progress and finished goods

Cost of raw materials (determined on the weighted average cost method) comprises cost of purchase and cost of bringing the inventories to their present condition and location. Costs of purchased inventory are determined after deducting rebates, discounts and the amount of GST, except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of purchased inventory. Cost of work in progress and finished goods (determined on the weighted average cost method) includes cost of direct materials, direct labour and an appropriate proportion of production overheads.

(ii) Unsold completed development units

The cost of unsold completed properties is stated at the lower of cost and net realisable value. Cost includes, where relevant, cost associated with the acquisition of land, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(h) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to survey of work performed. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'receivables, deposits and prepayments'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Property development activities

(i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 4(f) on impairment of non financial assets.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle of 2 to 4 years.

Borrowing costs are capitalised in accordance with Note 4(s).

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses in respect of development units sold, with the standard 10% downpayment received, are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development activity.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, property development costs on the development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Property development activities *(continued)*

(ii) Property development costs *(continued)*

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of costs and net realisable value.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under 'receivables, deposits and prepayments' (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under 'payables and accrued liabilities' (within current liabilities).

Borrowing costs are capitalised in accordance with Note 4(s).

(j) Financial instruments

(i) Financial instruments recognised on the statement of financial position

The particular recognition method adopted for financial instruments recognised on the statement of financial position is disclosed in the individual accounting policy statements associated with each item.

(ii) Fair value estimation for disclosure purposes

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The market price used for financial assets held by the Group is the closing quoted market price. These instruments are classified under Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instruments are observable, these instruments are classified under Level 2.

If one or more of the significant inputs is not based on observable market data, these instruments are classified under Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non current assets.

Derivatives are also categorised as held for trading unless they are designated as hedges.

In addition, certain financial assets are designated at initial recognition at fair value through profit or loss when one of the designation criteria is met:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- Its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The item is a hybrid contract that contains one or more embedded derivatives.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets. The Group's loans and receivables comprise trade and other receivables (excluding prepayments), amounts owing by subsidiaries (at entity level), deposits with licensed banks and bank and cash balances in the statements of financial position.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Financial assets *(continued)*

(iii) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

For financial assets at fair value through profit or loss, an entity is allowed to recognise interest income, interest expense and dividend income separately.

(iv) Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default on delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Financial assets *(continued)*

(iv) Subsequent measurement - impairment of financial assets *(continued)*

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(l) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held for trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non current.

(ii) Other financial liabilities

Other financial liabilities of the Group comprise bank borrowings, hire-purchase creditors, term loans, amounts owing to subsidiaries (at entity level) and payables and accrued liabilities in the statements of financial position.

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

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(l) Financial liabilities *(continued)*

(iii) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

The Group has issued corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Group to reimburse the banks if the subsidiaries fail to make the required repayments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(n) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

Derivatives that do not qualify for hedge accounting, its changes in the fair value of any derivative instrument are recognised immediately in profit or loss and are included in other operating income/expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(o) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets. Trade and other receivables are recognised initially at fair value, with the amount of GST included. The net amount of GST recoverable from the government is presented as 'receivables, deposits and prepayments' in the statements of financial position.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

(p) Cash and cash equivalents

For the purpose of statements of cash flows, cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statements of cash flows. In the statements of financial position, bank overdrafts are shown within 'short term bank borrowings' in current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(q) Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non current liabilities.

Trade and other payables are recognised initially at fair value, with the amount of GST included. The net amount of GST payable to the government, wherever applicable, is presented as 'payables and accrued liabilities' in the statements of financial position.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(s) Borrowings and borrowing costs

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the initial recognised amount and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss within other operating income/expenses.

Where the terms of a financial liability are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after end of the reporting period.

(ii) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits

The Group contributes to the Employees Provident Fund (EPF), the national defined contribution plan. The contributions are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(u) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distribution to holders of an equity instrument is recognised directly in equity.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares, if any.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Current and deferred income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and the subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis.

The Group presumed investment property measured at fair value will be recovered entirely through sale. Accordingly, deferred tax assets or liabilities arising on such investment property are measured at the tax rate applicable when the Group sells the property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of GST, returns, rebates and discounts and the amounts collected on behalf of third parties and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue for sales of goods under Original Equipment Manufacturer arrangement is recognised upon delivery of goods to customers, net of returns and discounts.

(ii) Revenue for sales of goods under direct sales is recognised upon declaration of sales to the Group by the distributors, net of GST, returns and discounts.

(iii) Income from construction contracts is recognised on the stage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are recognised in full.

(iv) Income from property development is recognised on the stage of completion method based on units sold, and where the outcome of the development projects can be reliably estimated. Anticipated losses are recognised in full.

(v) Interest income is recognised using the effective interest method.

(vi) Dividend income is recognised when the Group's right to receive payment is established.

(vii) Rental income is recognised on the accrual basis unless collection is in doubt.

(viii) Revenue from golf course is recognised when services are rendered to customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(y) Foreign currencies

(i) Functional and presentation currency

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 financial statements are presented in Ringgit Malaysia, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Ringgit Malaysia using the exchange rates prevailing at the dates of transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The principal closing rates used in the translation of the Group's foreign currency monetary assets and liabilities are as follows:

	2017 RM	2016 RM
Assets:		
1 US Dollar	4.36	3.85
1 Euro	4.65	4.36
Liabilities:		
1 US Dollar	4.49	4.00
1 Euro	4.80	4.53
100 Hong Kong Dollars	58.60	52.21
100 Chinese Renminbi	64.95	61.72

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(z) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(aa) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

(a) Taxation

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to unused tax losses, depends on the expectation of future taxable profits that will be available against which the unused tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(b) Impairment of non financial assets

Non financial assets (including investments in subsidiaries) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Significant judgement is required in the estimation of present value of future cash flows generated by the assets, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions can significantly affect the results of the Group's test for impairment of assets.

(c) Recoverability of receivables

Management monitors the credit quality of receivable balances, the ageing profile and the risk of non recoverability of those balances on a regular basis and makes estimates about the amount of credit losses that have been incurred at each reporting date. For construction contracts, any changes to the saleability of projects undertaken by developers where the Group acts as contractor, may affect the recoverability of progress billings made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(d) Recognition of property development profits

When the outcome of the development activity can be estimated reliably and the sale of the development unit is affected, the Group recognises property development profits and costs by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to-date over the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recovered and the property development costs on the development units sold are recognised when incurred.

Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development costs, the expected loss is recognised as an expense in the period in which the loss is identified.

Significant judgement is required in the estimation of the stage of completion and the total property development costs. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

(e) Recognition of construction contracts profits

The Group recognises construction contract profit based on the stage of completion method. The stage of completion of a construction contract is measured by reference to survey of work performed.

Significant judgement is required in the estimation of stage of completion, the extent of the contract costs incurred, as well as the recoverability of the construction contracts.

The Group has estimated total contract revenue based on the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably based on the latest available information, and in the absence of such, based on the directors' best estimates derived from reasonable assumptions, experience and judgement.

Where the actual approved variations and claims differ from the estimates, such difference will impact the contract profits/(losses) recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

6 SEGMENT REPORTING

The Group operates in Malaysia and is organised into four main business segments:

- Property development and construction activities.
- Manufacturing and sales of undergarments under Original Equipment Manufacturer arrangements ("OEM") mainly to Europe, Canada and United States of America and under own brand to cater for direct selling business.
- Direct selling and retail - involving multi-level marketing of undergarments, garments, leather goods, sportswear and household products and retailing of undergarments and garments.
- Investment holding activities undertaken by the Company.

Others represent the operations of a golf course and related services and trading of goods.

Intersegment revenue comprises sales of goods from certain subsidiaries to the "Direct selling/retail" segment and dividend income received from a subsidiary.

Unallocated assets and liabilities consist of income tax recoverable/payable and deferred tax assets/ liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

6 SEGMENT REPORTING *(CONTINUED)*

(a) Analysis of results and financial position

GROUP 2017	Property development and construction RM	Manufacturing sales RM	Direct selling/retail RM	Investment holding RM	Others RM	Total RM
Revenue						
Total revenue	50,616,795	65,318,302	3,447,143	4,500,036	529,354	124,411,630
Intersegment revenue	0	(781,482)	0	(4,500,036)	0	(5,281,518)
External revenue	50,616,795	64,536,820	3,447,143	0	529,354	119,130,112
Results						
Profit/(Loss) from operations	4,383,468	4,776,288	(146,862)	(198,921)	(801,943)	8,012,030
Finance cost	(52,022)	(764,583)	(13,268)	0	0	(829,873)
Profit/(Loss) before tax	4,331,446	4,011,705	(160,130)	(198,921)	(801,943)	7,182,157
Tax expense						(2,079,922)
Net profit for the financial year						5,102,235
Segment assets	94,375,333	45,355,611	3,281,098	5,075,999	179,648	148,267,689
Unallocated corporate assets						
- Deferred tax assets						1,092,658
- Current tax recoverable						458,601
						149,818,948
Segment liabilities	32,835,828	26,762,382	613,635	446,532	333,373	60,991,750
Unallocated corporate liabilities						
- Deferred tax liabilities						1,009,732
- Current tax payable						718,705
						62,720,187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

6 SEGMENT REPORTING *(CONTINUED)*

(a) Analysis of results and financial position *(continued)*

GROUP 2017	Property development and construction RM	Manufacturing sales RM	Direct selling/retail RM	Investment holding RM	Others RM	Total RM
Capital expenditure	992,838	216,890	7,148	0	24,338	1,241,214
Included in profit/(loss) from operations are:						
Interest income	(47,721)	(109,766)	0	0	(1,757)	(159,244)
Depreciation and amortisation	114,089	807,728	42,153	18,140	191,425	1,173,535
Impairment charge	0	0	0	0	463,774	463,774
Fair value gain on revaluation of investment property	0	0	0	(100,000)	0	(100,000)
(Write back) allowance for slow moving inventories	0	(183,817)	63,898	0	0	(119,919)

6 SEGMENT REPORTING *(CONTINUED)*

(a) Analysis of results and financial position *(continued)*

GROUP 2016	Property development and construction RM	Manufacturing sales RM	Direct selling/retail RM	Investment holding RM	Others RM	Total RM
Revenue						
Total revenue	45,276,036	71,074,081	2,068,807	13,500,108	658,874	132,577,906
Intersegment revenue	0	(942,966)	0	(13,500,108)	0	(14,443,074)
External revenue	45,276,036	70,131,115	2,068,807	0	658,874	118,134,832
Results						
Profit/(Loss) from operations	3,011,468	6,321,727	(1,261,626)	285,652	(316,063)	8,041,158
Finance cost	(243,315)	(250,447)	(13,205)	0	0	(506,967)
Profit/(Loss) before tax	2,768,153	6,071,280	(1,274,831)	285,652	(316,063)	7,534,191
Tax expense						(2,656,149)
Net profit for the financial year						4,878,042
Segment assets	93,911,693	53,480,032	3,575,234	4,800,108	830,399	156,597,466
Unallocated corporate assets						
- Deferred tax assets						1,092,094
- Current tax recoverable						13,213
						157,702,773
Segment liabilities	44,289,657	26,587,228	1,219,243	395,722	781,369	73,273,219
Unallocated corporate liabilities						
- Deferred tax liabilities						767,673
- Current tax payable						865,355
						74,906,247

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

6 SEGMENT REPORTING *(CONTINUED)*

(a) Analysis of results and financial position *(continued)*

GROUP 2016	Property development and construction RM	Manufacturing sales RM	Direct selling/retail RM	Investment holding RM	Others RM	Total RM
Capital expenditure	419,481	28,382	20,079	0	37,495	505,437
Included in profit/(loss) from operations are:						
Interest income	(11,960)	(109,619)	(12)	(242)	0	(121,833)
Depreciation and amortisation	109,634	1,019,707	53,770	18,141	230,861	1,432,113
Fair value gain on revaluation of investment property	0	0	0	(800,000)	0	(800,000)
Allowance for slow moving inventories	0	518,108	115,884	0	0	663,992

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

6 SEGMENT REPORTING *(CONTINUED)*

(b) Analysis of revenue by countries

Although all the business segments are located in Malaysia, the manufacturing sales segment exports the undergarments to Europe, Canada and United States of America and other Asian countries. The revenue of the Group is analysed as follows:

	GROUP	
	2017 RM	2016 RM
Malaysia	56,378,634	50,173,727
United States of America	14,790,429	21,052,873
Canada	8,891,376	17,533,511
Germany	27,826,423	20,037,511
France	3,966,684	2,125,906
Hong Kong	3,590,080	4,916,187
Netherlands	1,248,587	1,116,542
Mexico	2,230,402	905,920
Sweden	42,325	34,889
Other countries	165,172	237,766
	119,130,112	118,134,832

For the financial year, the revenue of 2 (2016: 3) customers which contributed more than 10% of the total revenue of the Group are RM11,866,000 (from manufacturing segment) and RM31,464,000 (from property development and construction segment) respectively. Total revenue of these major customers is RM43,330,000 (2016: RM56,453,000).

All non current assets of the Group are located in Malaysia.

The basis of measurement of reported segment profit or loss, segment assets and segment liabilities is consistent with the basis used for the statements of comprehensive income of the Group for the financial year ended 31 March 2017 and the statement of financial position as at 31 March 2017. The components of the segment assets and liabilities include all classes of assets and liabilities disclosed in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

7 REVENUE

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Direct sales and retail	3,447,143	2,068,807	0	0
Sales of finished goods	64,536,820	70,131,115	0	0
Contract revenue	31,464,320	32,741,859	0	0
Property development revenue	19,152,475	12,534,177	0	0
Golfing fees and others club revenue	529,354	658,874	0	0
Gross dividend income from unquoted subsidiary	0	0	4,500,036	13,500,108
	119,130,112	118,134,832	4,500,036	13,500,108

8 COST OF SALES

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost of inventories recognised as an expense	55,610,200	57,853,520	0	0
Contract costs recognised as an expense	27,130,798	28,985,939	0	0
Property development costs recognised as an expense	16,735,050	10,216,548	0	0
	99,476,048	97,056,007	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

9 PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration				
- statutory audit	280,000	250,900	78,000	67,700
- other assurance services	17,000	17,000	5,000	5,000
- other services	33,304	34,500	3,500	3,500
Employee benefit expense (including directors' remuneration)	19,554,978	19,016,255	250,550	219,200
Inventories				
- (write back)/allowance for slow moving inventories	(119,919)	633,992	0	0
Allowance for doubtful debts				
- charge for the financial year	120,414	189,950	0	0
- write back	(157,741)	(2,949)	0	0
Property, plant and equipment				
- depreciation	1,173,535	1,432,113	18,140	18,141
- gains on disposal	(50,944)	(38,663)	0	0
- write off	3,344	11,073	0	0
- clawback of revaluation deficit previously charged out to profit or loss	0	(25,365)	0	0
- impairment	463,774	0	0	0
Rental expenses of premises	100,173	78,778	0	0
Sub-contract wages	6,860,215	6,088,889	0	0
Sales commission to agents	1,550,244	993,193	0	0
Travelling and transportation charges	1,335,034	2,165,361	0	0
Provision for liquidated damages (Note 32)	1,901,762	430,000	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

9 PROFIT FROM OPERATIONS *(CONTINUED)*

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit from operations is stated after charging/(crediting):				
Significant amounts included in other operating expenses are:				
- allowance for doubtful debts due from a subsidiary	0	0	592,513	100,000
- impairment charge on investment in a subsidiary	0	0	250,000	0
Significant amounts included in other operating income are:				
- interest income	(159,244)	(121,833)	(1,325,194)	(1,943,457)
- net realised foreign exchange gains	(2,010,950)	(1,394,150)	(5,145)	(263)
- net unrealised foreign exchange losses	99,819	600,931	0	0
- rental income of premises	(327,289)	(307,314)	(117,358)	(115,095)
- fair value (gains)/losses on marketable securities	(113,898)	106,069	(113,898)	106,069
- fair value (gains)/losses on derivative financial instruments	(6,401)	25,413	0	0
- fair value gain on revaluation of investment property (Note 15)	(100,000)	(800,000)	(100,000)	(800,000)
- gains on disposal of marketable securities	(15,432)	(6,812)	(15,432)	(6,812)
- gross dividend income from marketable securities	(21,275)	(15,160)	(21,275)	(15,160)
- liquidated damages receivable from contractors	(1,270,338)	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

9 PROFIT FROM OPERATIONS *(CONTINUED)*

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Employee benefit expense (including directors' remuneration)				
Executive directors:				
- fees	125,350	135,000	125,350	109,000
- allowances	4,000	3,700	4,000	3,700
- salaries and bonus	784,870	677,180	0	0
- defined contribution plan	126,823	109,881	0	0
	1,041,043	925,761	129,350	112,700
Non-executive directors:				
- fees	115,000	100,000	115,000	100,000
- allowances	6,200	6,500	6,200	6,500
	121,200	106,500	121,200	106,500
Total directors' remuneration	1,162,243	1,032,261	250,550	219,200
Other staff costs:				
- salaries, wages and bonus	16,608,737	16,092,582	0	0
- defined contribution plan	879,856	793,744	0	0
- other short term employee benefits	904,142	1,097,668	0	0
Total other staff costs	18,392,735	17,983,994	0	0
Total employee benefit expense	19,554,978	19,016,255	250,550	219,200
Monetary value of benefits-in-kind given to certain directors	18,600	18,600	0	0

The directors' remuneration represents remuneration for directors of the Company and its subsidiaries to comply with the requirements of Companies Act 2016 (as disclosed in the Directors' Report).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

10 FINANCE COST

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Term loan interests	1,101,097	908,665	0	0
Overdraft interests	1,061,713	885,707	0	0
Interests on other borrowings	390,116	156,347	444,804	1,016,403
	2,552,926	1,950,719	444,804	1,016,403
Less: Amount capitalised in				
- Development costs (Note 20)	(996,746)	(1,169,516)	0	0
- Construction contracts (Note 37)	(745,067)	(293,010)	0	0
	(1,741,813)	(1,462,526)	0	0
Net interest expense	811,113	488,193	444,804	1,016,403
Commitment fees	18,760	18,774	0	0
	829,873	506,967	444,804	1,016,403

The average capitalisation rate for borrowing costs of the Group is 7.63% (2016: 7.70%) per annum.

11 TAX EXPENSE

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current income tax:				
- In respect of current financial year	2,229,154	2,112,072	319,456	502,700
- In respect of previous financial years	(390,727)	47,076	(18,012)	(1,797)
	1,838,427	2,159,148	301,444	500,903
Deferred tax charge/(credit) (Note 18)	241,495	497,001	4,251	(3,513)
Tax expense	2,079,922	2,656,149	305,695	497,390

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

11 TAX EXPENSE *(CONTINUED)*

The numerical reconciliations between tax expense and the product of accounting profit multiplied by the Malaysian income tax rate are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	7,182,157	7,534,191	4,505,235	14,780,571
Tax calculated at the Malaysian income tax rate 24% (2016: 24%)	1,723,718	1,808,206	1,081,256	3,547,337
Tax effects of:				
- expenses not deductible for tax purposes	723,110	691,424	354,642	384,418
- expenses eligible for double deduction/tax incentives	(84,621)	(83,004)	0	0
- income not subject to tax	(49,359)	(241,249)	(1,112,191)	(3,432,568)
- change in tax rate	0	(15,939)	0	0
- reversal of previously recognised deferred tax assets	0	203,800	0	0
- current year tax loss/deductible temporary differences not recognised	76,294	70,431	0	0
- over recognition of deferred tax assets relating to unused tax losses in the previous financial year	0	175,404	0	0
- (over)/under provision of income tax in respect of previous financial years	(390,727)	47,076	(18,012)	(1,797)
- under provision of deferred tax in respect of previous financial years	81,507	0	0	0
Tax expense	2,079,922	2,656,149	305,695	497,390

The Group has unused tax losses amounting to RM2,184,000 (2016: RM3,057,000) at the end of the financial year which can be carried forward and utilised to set off against future taxable profits.

14 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

GROUP	Freehold land at valuation RM	Buildings at valuation RM	Plant and machinery at cost RM	Furniture, fittings, equipment and renovations at cost RM	Motor vehicles at cost RM	Golf course development at cost RM	Capital work in progress RM	Total RM
Cost/Valuation								
At 1 April 2015	5,550,000	15,590,000	8,366,976	7,843,335	2,811,662	679,035	899,633	41,740,641
Reclassification	0	1,021,057	0	(1,021,057)	0	0	0	0
Elimination of accumulated depreciation on revaluation	0	(2,257,029)	0	0	0	0	0	(2,257,029)
Revaluation surplus credited								
- to profit or loss (Note 9)	0	25,365	0	0	0	0	0	25,365
- to other comprehensive income (Note 27)	2,020,000	(149,393)	0	0	0	0	0	1,870,607
Additions	0	0	1,500	51,437	60,000	33,019	0	145,956
Transfer from property development cost (Note 20)	0	0	0	0	0	0	359,481	359,481
Disposals	0	0	(136,501)	0	0	0	0	(136,501)
Write off	0	0	(3,980)	(348,267)	0	0	0	(352,247)
At 31 March 2016	7,570,000	14,230,000	8,227,995	6,525,448	2,871,662	712,054	1,259,114	41,396,273
Accumulated depreciation								
At 1 April 2015	0	1,329,362	7,049,686	6,231,156	2,268,792	122,832	0	17,001,828
Reclassification	0	617,642	0	(617,642)	0	0	0	0
Charge for the financial year	0	409,834	305,257	379,344	268,123	69,555	0	1,432,113
Elimination of accumulated depreciation on revaluation	0	(2,257,029)	0	0	0	0	0	(2,257,029)
Disposals	0	0	(105,824)	0	0	0	0	(105,824)
Write off	0	0	(2,167)	(339,007)	0	0	0	(341,174)
At 31 March 2016	0	99,809	7,246,952	5,653,851	2,536,915	192,387	0	15,729,914
Carrying value								
At 31 March 2016	7,570,000	14,130,191	981,043	871,597	334,747	519,667	1,259,114	25,666,359

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

14 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Cost			Accumulated depreciation			Carrying value
COMPANY	At 1 April 2016/2015 RM	Additions RM	At 31 March 2017/2016 RM	At 1 April 2016/2015 RM	Charge for the financial year RM	At 31 March 2017/2016 RM	At 31 March 2017/2016 RM
Furniture, fittings and equipment at cost							
At 31 March 2017	585,847	0	585,847	436,861	18,140	455,001	130,846
At 31 March 2016	585,847	0	585,847	418,720	18,141	436,861	148,986

The land and buildings of the Group were last revalued on 30 November 2015 based on valuations carried out by an external independent professional valuer, Suleiman & Co. Property Consultants Sdn. Bhd. as follows:

Description	Valuation method	Valuation amount RM
Freehold land	Comparison method	7,570,000
Buildings	Comparison method	14,230,000
		21,800,000

The carrying value of land and buildings that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation and impairment losses are as follows:

	GROUP 2017 RM	GROUP 2016 RM
Freehold land	1,019,735	1,019,735
Buildings	11,097,208	11,439,812
	12,116,943	12,459,547

Carrying value of property, plant and equipment pledged as securities for the borrowings of the Group as disclosed in Note 30 and Note 33 to the financial statements are RM21,467,326 (2016: RM21,955,432).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

14 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Property, plant and equipment being acquired under hire-purchase arrangements are as follows:

	GROUP	
	2017	2016
	RM	RM
Motor vehicles		
- addition during the financial year, at cost	490,000	60,000
- carrying value at financial year end	630,072	314,958

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM743,477 (2016: RM145,956). Cash payments of RM212,089 (2016: RM85,956) were made during the financial year in respect of purchases of property, plant and equipment.

Capital work in progress of the Group represents a hotel property under construction, with the intention to be managed by a subsidiary of the Group upon completion. The hotel property is part of the property development project of the said subsidiary and the development costs incurred during the financial year are transferred from property development costs as stated in Note 20 to the financial statements.

Impairment charge of certain property, plant and equipment

The continuous losses suffered by a subsidiary, Omni Green Sdn. Bhd. ("Omni Green") in the current and previous financial years were identified as impairment indicators. During the financial year, Omni Green's furniture, fittings, equipment and renovation and golf course development were tested for impairment under 1 CGU, i.e. the golf business operation. The recoverable amount of the CGU was determined based on value in use calculations. In view of the prolonged losses of the Omni Green where operating losses are expected to be incurred in the next five years, the furniture, fittings, equipment and renovation and golf course development were fully impaired. Recoverable amount is nil as value in use generated negative cash flows and an impairment charge amounting to RM463,774 was recognised in profit or loss.

15 INVESTMENT PROPERTY

	GROUP AND COMPANY	
	2017	2016
	RM	RM
At fair value		
At 1 April	4,000,000	3,200,000
Change in fair value recognised in profit or loss (Note 9)	100,000	800,000
At 31 March	4,100,000	4,000,000
Direct operating expenses relating to investment property that generated rental income	25,036	19,654

The investment property of the Group and the Company are stated at fair value of RM4,100,000 (2016: RM4,000,000) based on valuations (using comparison valuation method) carried out by an independent professional valuer, Suleiman & Co. Property Consultants Sdn. Bhd. on 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

16 SUBSIDIARIES

	COMPANY 2017 RM	COMPANY 2016 RM
Unquoted shares at cost	61,804,486	61,804,486
Accumulated impairment losses	(250,000)	0
	61,554,486	61,804,486
Accumulated impairment losses		
At 1 April	0	0
Impairment charge (Note 9)	250,000	0
At 31 March	250,000	0

List of subsidiaries

Details of the subsidiaries which are all incorporated in Malaysia, are as follows:

Name of company	Group's effective Interest 2017 %	Group's effective Interest 2016 %	Principal activities
Caely (M) Sdn. Bhd.	100	100	Property development and construction activities, direct sales of undergarments, garments, leather goods, sportswear and household products and retail sales of undergarments and garments.
Classita (M) Sdn. Bhd.	100	100	Manufacture and sales of undergarments.
Marywah Industries (M) Sdn. Bhd.	100	100	Manufacture and sales of undergarments and trading of related raw materials.
Caely Development Sdn. Bhd.	100	100	Dormant.
Omni Green Sdn. Bhd.	51	51	Operation of a golf course and other related services and the provision of landscaping and related contract work.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

16 SUBSIDIARIES *(CONTINUED)*

Impairment charge on investment in Omni Green

As stated in Note 14 to the financial statements, certain property, plant and equipment of a subsidiary, Omni Green has been impaired based on the impairment assessment performed.

In addition, the Company has also carried out the impairment testing on the investment in Omni Green which is currently reported as "Others" in the segment reporting.

The recoverable amount is determined based on the value in use calculation using residual cash flow projections based on financial budgets approved by the directors for the four financial years ending 31 March 2018 to 31 March 2021. Cash flows beyond four years period up to the end of the lease of golf course are extrapolated using zero growth rate.

In view of the prolonged losses suffered by Omni Green in the past financial years and expected losses to be incurred in future years based on the cash flow projections, the Company has fully impaired the cost of investment in Omni Green amounted to RM250,000 in the current financial year. Recoverable amount is nil as value in use generated negative cash flows.

17 GOODWILL

	GROUP	
	2017	2016
	RM	RM
Goodwill		
Cost arising from acquisition of a subsidiary	357,964	357,964
Accumulated impairment losses	(357,964)	(357,964)
Carrying value	0	0

Impairment testing for goodwill

During the previous financial year, management reviewed the business performance of the subsidiary acquired, Omni Green Sdn. Bhd. and the related goodwill arising from the acquisition of this subsidiary. Goodwill impaired in the previous financial year was not reversed subsequently.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

12 EARNINGS PER SHARE

Basic/diluted earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2017	2016
Net profit for the financial year attributable to owners of the Company (RM)	5,515,034	5,159,213
Weighted average number of ordinary shares in issue	80,000,000	80,000,000
Basic/diluted earnings per share (sen)	6.89	6.45

13 DIVIDENDS

	GROUP AND COMPANY	
	2017	2016
	RM	RM
Paid		
Final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares in respect of financial year ended 31 March 2016, paid on 12 October 2016	800,000	0
Final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares in respect of financial year ended 31 March 2015, paid on 15 October 2015	0	800,000

In respect of the financial year ended 31 March 2017, the directors recommend a final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares amounting to RM800,000, subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this dividend. This dividend if approved at the Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

14 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land at valuation RM	Buildings at valuation RM	Plant and machinery at cost RM	Furniture, fittings, equipment and renovations at cost RM	Motor vehicles at cost RM	Golf course development at cost RM	Capital work in progress RM	Total RM
Cost/Valuation								
At 1 April 2016	7,570,000	14,230,000	8,227,995	6,525,448	2,871,662	712,054	1,259,114	41,396,273
Additions	0	0	197,268	53,409	490,000	2,800	0	743,477
Transfer from property development cost (Note 20)	0	0	0	0	0	0	497,737	497,737
Disposals	0	0	0	0	(389,374)	0	0	(389,374)
Write off	0	0	(14,311)	(13,958)	0	0	0	(28,269)
At 31 March 2017	7,570,000	14,230,000	8,410,952	6,564,899	2,972,288	714,854	1,756,851	42,219,844
Accumulated depreciation								
At 1 April 2016	0	99,809	7,246,952	5,653,851	2,536,915	192,387	0	15,729,914
Charge for the financial year	0	433,109	321,924	171,676	175,481	71,345	0	1,173,535
Disposals	0	0	0	0	(389,374)	0	0	(389,374)
Write off	0	0	(10,967)	(13,958)	0	0	0	(24,925)
At 31 March 2017	0	532,918	7,557,909	5,811,569	2,323,022	263,732	0	16,489,150
Accumulated impairment								
At 1 April 2016	0	0	0	0	0	0	0	0
Impairment charge	0	0	0	12,652	0	451,122	0	463,774
At 31 March 2017	0	0	0	12,652	0	451,122	0	463,774
Carrying value								
At 31 March 2017	7,570,000	13,697,082	853,043	740,678	649,266	0	1,756,851	25,266,920

18 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets				
- subject to income tax	(1,092,658)	(1,092,094)	(9,190)	(8,441)
Deferred tax liabilities				
- subject to income tax	552,377	315,318	0	0
- subject to real property gains tax	457,355	452,355	139,714	134,714
	1,009,732	767,673	139,714	134,714
Deferred tax (assets)/liabilities (net)	(82,926)	(324,421)	130,524	126,273

The movements in deferred tax (assets)/liabilities during the financial year comprise the following:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets				
- realised within 12 months	(1,092,658)	(1,092,094)	0	0
- realised after 12 months	0	0	(9,190)	(8,441)
	(1,092,658)	(1,092,094)	(9,190)	(8,441)
Deferred tax liabilities to be realised after 12 months	1,009,732	767,673	139,714	134,714
At 1 April	(324,421)	(856,969)	126,273	129,786
Charged/(credited) to profit or loss (Note 11):				
- property, plant and equipment	95,693	66,797	(4,956)	(374)
- investment property	5,000	40,000	5,000	40,000
- unused tax losses	253,294	1,332,737	0	0
- property development cost	255,494	(450,684)	0	0
- provision and allowance	(475,616)	(145,500)	0	0
- other temporary differences	107,630	(346,349)	4,207	(43,139)
	241,495	497,001	4,251	(3,513)
Charged to other comprehensive income (Note 27):				
- property, plant and equipment	0	35,547	0	0
At 31 March	(82,926)	(324,421)	130,524	126,273

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

18 DEFERRED TAX (ASSETS)/LIABILITIES *(CONTINUED)*

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Subject to income tax:				
Deferred tax assets (before offsetting)				
- unused tax losses	(230,278)	(483,572)	0	0
- property development cost	(277,147)	(532,641)	0	0
- provisions and allowance	(1,666,416)	(1,190,800)	0	0
- other deductible temporary differences	(65,827)	(174,830)	(38,932)	(43,139)
Offsetting	1,147,010	1,289,749	29,742	34,698
Deferred tax assets (after offsetting)	(1,092,658)	(1,092,094)	(9,190)	(8,441)
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	1,691,773	1,596,080	29,742	34,698
- other taxable temporary differences	7,614	8,987	0	0
Offsetting	(1,147,010)	(1,289,749)	(29,742)	(34,698)
Deferred tax liabilities (after offsetting)	552,377	315,318	0	0
Subject to real property gains tax:				
Deferred tax liabilities				
- property, plant and equipment	317,641	317,641	0	0
- investment property	139,714	134,714	139,714	134,714
	457,355	452,355	139,714	134,714
Total deferred tax liabilities	1,009,732	767,673	139,714	134,714

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

The unused tax losses of a subsidiary (which has no expiry date) determined after appropriate offsetting, for which no deferred tax assets are recognised in the financial statements of the subsidiary as at 31 March 2017 is RM1,225,000 (2016: RM1,043,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non current assets				
Amounts owing by subsidiaries	0	0	29,647,782	29,460,533
Current assets				
Trade receivables	34,201,949	38,559,380	0	0
Other receivables	1,258,947	3,422,631	253	1,492
Amounts owing by subsidiaries	0	0	6,000,000	6,000,000
	35,460,896	41,982,011	6,000,253	6,001,492
Deposits	273,738	146,808	9,686	9,686
Prepayments	617,137	1,134,944	14,764	13,305
Amount due from customers on contracts (Note 37)	3,514,909	3,471,414	0	0
Advances to sub-contractors	2,370,535	2,575,134	0	0
	42,237,215	49,310,311	6,024,703	6,024,483
The currency profile of trade and other receivables and amounts owing by subsidiaries is as follows:				
- Ringgit Malaysia	30,402,736	35,274,621	35,648,035	35,462,025
- US Dollar	2,647,211	3,943,894	0	0
- Euro	2,410,949	2,763,496	0	0
Total trade and other receivables	35,460,896	41,982,011	35,648,035	35,462,025

Credit terms of trade receivables of the Group are cash on delivery to 75 days (2016: Cash on delivery to 75 days).

Included in other receivables of the Group and of the Company as at 31 March 2017 is the net input tax receivable of RM242,278 (2016: RM280,653) and RM253 (2016: RM1,453) in respect of goods and services tax respectively.

Included in other receivables of the Group as at 31 March 2016 were advances given in relation to various construction projects amounting to RM1,050,726.

Amounts owing by subsidiaries as at 31 March 2017 which are non trade in nature, are unsecured, interest free and receivable on demand. Effective interest rate as at 31 March 2016 was 5.57% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

20 PROPERTY DEVELOPMENT COSTS

	GROUP 2017 RM	GROUP 2016 RM
Property development costs comprise the following:		
At 1 April		
- Leasehold land, at cost	12,791,414	5,647,841
- Development costs	65,532,462	46,549,514
	78,323,876	52,197,355
Add: Movements in land		
- Additions	0	7,143,573
Add/(Less): Movements in development costs		
- Additions	22,340,782	19,342,429
- Transfer to property, plant and equipment under capital work in progress (Note 14)	(497,737)	(359,481)
	21,843,045	18,982,948
Less: Accumulated costs charged to profit or loss		
- At 1 April	(27,443,395)	(17,226,847)
- Movements during the financial year	(16,735,050)	(10,216,548)
- At 31 March	(44,178,445)	(27,443,395)
At 31 March	55,988,476	50,880,481
Property development costs are analysed as follows:		
Leasehold land, at cost	12,791,414	12,791,414
Development costs	87,375,507	65,532,462
Accumulated costs recognised in profit or loss	(44,178,445)	(27,443,395)
At 31 March	55,988,476	50,880,481
Leasehold land at cost pledged for credit facilities of a subsidiary	5,647,841	5,647,841

Included in development costs is interest capitalised during the financial year amounting to RM996,746 (2016: RM1,169,516) (Note 10) and addition provision for compensation claims of RM64,489 (2016: RM744,000) (Note 32).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

20 PROPERTY DEVELOPMENT COSTS *(CONTINUED)*

A total of 88 sub-divided titles to the property development leasehold land of a subsidiary have yet to be registered in the name of the subsidiary as the titles have yet to be issued by the relevant authority as of 31 March 2017. The rest of the sub-divided titles which have been previously issued to the subsidiary have been pledged as securities for credit facilities granted to the subsidiary for bank overdrafts (Note 33) and bridging loan (Note 30).

Included in leasehold land as at 31 March 2017 is a piece of land purchased from an abandoned project. The amount due payable to a financing company on the purchase of this land has been settled in full during the financial year and as at 31 March 2017, the subsidiary is in the process of claiming the master land title from the financing company.

21 INVENTORIES

	GROUP	
	2017 RM	2016 RM
At cost		
Raw materials	5,018,408	5,963,429
Work in progress	1,417,563	2,144,544
Finished goods	7,076,462	6,115,278
Operating supplies and beverages	5,414	7,567
	13,517,847	14,230,818
At net realisable value		
Finished goods	1,589,427	1,012,714
	15,107,274	15,243,532

22 MARKETABLE SECURITIES

	GROUP AND COMPANY	
	2017 RM	2016 RM
Held for trading		
Shares in corporations and unit trusts		
- quoted in Malaysia	47,644	162,644
- quoted outside Malaysia	551,113	422,115
	598,757	584,759

The fair values of all quoted shares and unit trusts are based on quoted market prices at the financial year end in active markets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

23 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
	2017	2016
	RM	RM
Derivative financial instruments		
Assets	6,401	0

The Group has entered into foreign currency forward exchange/option contracts which were economic hedges but did not satisfy the requirements for hedge accounting.

The notional principal amounts of the outstanding derivative financial instruments as at 31 March 2017 was RM586,900. There are no outstanding derivative financial instruments as at 31 March 2016.

24 DEPOSITS WITH LICENSED BANKS

	GROUP	
	2017	2016
	RM	RM
Deposits with licensed banks	3,840,992	4,357,070
Deposits pledged for credit facilities with a licensed bank (Note 33)	(3,840,992)	(3,730,830)
Deposits under lien for credit facilities with a licensed bank	0	(626,240)
Deposits with licensed banks (unencumbered)	0	0
Weighted average effective interest rates per annum	2.75%	3.03%
Weighted average maturity period (days)	90	130

The deposits with licensed banks of the Group are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

25 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash balances	11,390	11,134	0	0
Bank balances	676,887	6,121,444	221,693	41,880
Bank balances held under Housing Development Accounts	433,377	422,376	0	0
	1,121,654	6,554,954	221,693	41,880
Bank overdrafts (Note 33)	(8,933,781)	(13,330,402)	0	0
	(7,812,127)	(6,775,448)	221,693	41,880
The currency profile of bank and cash balances is as follows:				
- Ringgit Malaysia	811,472	645,972	163,278	8,486
- US Dollar	3,873	5,873,397	0	0
- Hong Kong Dollar	45,281	28,592	45,281	28,592
- Euro	247,894	2,191	0	0
- Singapore Dollar	13,134	4,802	13,134	4,802
	1,121,654	6,554,954	221,693	41,880

Bank balances of the Group and the Company are deposits placed in current accounts with various licensed banks in Malaysia which do not earn any interest except for bank balances as at 31 March 2016 held in USD call accounts of the Group of RM8,778 which carried effective interest rate of 0.05% per annum.

Bank balances held under the Housing Development Accounts of the Group represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Act, 1966 held at call with banks.

The weighted average effective interest rate of bank balances under Housing Development Accounts during the financial year is 1.13% (2016: 2.20%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

26 SHARE CAPITAL

	GROUP AND COMPANY			
	2017 No. of shares	2016 No. of shares	2017 RM	2016 RM
Authorised:				
Ordinary shares	0	100,000,000	0	50,000,000
Issued and fully paid-up:				
Ordinary shares				
At beginning of financial year	80,000,000	80,000,000	40,000,000	40,000,000
Transition to no-par value regime on 31 January 2017 (Note (a))	0	0	9,419,360	0
At end of financial year	80,000,000	80,000,000	49,419,360	40,000,000

Note (a)

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM9,419,360 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

27 OTHER RESERVES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Share premium (Note (a))	0	9,419,360	0	9,419,360
Reserve on consolidation	80,344	80,344	0	0
Revaluation reserve	10,220,071	10,220,071	1,851,511	1,851,511
	10,300,415	19,719,775	1,851,511	11,270,871

Note (a)

The share premium of RM9,419,360 has been reclassified to share capital as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

27 OTHER RESERVES *(CONTINUED)*

The revaluation surplus represents surplus from the revaluation of the Group's land and buildings.

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 April	10,220,071	8,385,011	1,851,511	1,851,511
Revaluation surplus - gross	0	1,870,607	0	0
Deferred tax (Note 18)	0	(35,547)	0	0
Revaluation surplus, net of tax	0	1,835,060	0	0
At 31 March	10,220,071	10,220,071	1,851,511	1,851,511
Revaluation surplus in respect of:				
- land and buildings (under property, plant and equipment)	8,368,560	8,368,560	0	0
- investment property (prior to transfer of owner-occupied to investment property)	1,851,511	1,851,511	1,851,511	1,851,511
	10,220,071	10,220,071	1,851,511	1,851,511

	GROUP 2016 RM
Analysis of deferred tax on revaluation surplus	
Deferred tax charge/(credit) on revaluation surplus credited on 30 November 2015	
- freehold land	101,000
- buildings	(35,853)
Change in tax rate from 25% to 24% relating to revaluation surplus brought forward from prior years	(29,600)
Total	35,547

28 RETAINED PROFITS

Dividends paid out of retained profits of the Company are single-tier dividends which are tax exempt in the hands of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 ***(CONTINUED)***

29 HIRE-PURCHASE CREDITORS

	GROUP	
	2017	2016
	RM	RM
Future minimum hire-purchase payments:		
- within one year	146,784	128,195
- later than one year but not later than two years	115,475	87,888
- later than two years but not later than five years	117,792	57,091
- later than five years	171,738	0
	551,789	273,174
Less: Finance charges	(66,958)	(16,869)
Present value of hire-purchase liabilities	484,831	256,305
Analysis of present value of hire-purchase liabilities:		
Current		
Repayable within one year	125,018	118,053
Non current		
Repayable later than one year but not later than two years	101,137	82,859
Repayable later than two years but not later than five years	97,920	55,393
Repayable later than five years	160,756	0
	359,813	138,252
	484,831	256,305

All hire-purchase creditors of the Group are denominated in Ringgit Malaysia. The effective interest rates of hire-purchase creditors of the Group ranged from 4.52% to 7.18% (2016: 4.52% to 8.23%) per annum.

Hire-purchase creditors are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

30 TERM LOANS

	GROUP 2017 RM	GROUP 2016 RM
Secured		
Current liabilities	1,289,056	4,146,869
Non current liabilities	10,318,750	11,628,849
	11,607,806	15,775,718

GROUP 2017	Total carrying amount RM	Note	Repayment period: Within 1 year RM	Repayment period: 2 – 5 years RM	Repayment period: > 5 years RM	Effective interest rate as at year end % p.a.
Term loan 1	3,456,714	(a)	473,624	2,267,922	715,168	7.10
Term loan 2	137,823	(b)	89,533	48,290	0	7.70
Term loan 3	1,232,310	(c)	127,762	611,716	492,832	7.10
Term loan 4	2,219,201	(d)	204,852	981,115	1,033,234	7.10
Term loan 5	2,119,603	(e)	182,740	875,212	1,061,651	7.10
Term loan 6	2,442,155	(f)	210,545	1,008,380	1,223,230	7.10
	11,607,806		1,289,056	5,792,635	4,526,115	
2016						
Term loan 1	3,897,545	(a)	432,054	2,082,199	1,383,292	7.35
Term loan 2	220,517	(b)	82,661	137,856	0	7.85
Term loan 3	1,350,326	(c)	115,795	521,693	712,838	7.35
Term loan 4	2,408,242	(d)	185,053	892,011	1,331,178	7.35
Term loan 5	2,287,199	(e)	164,797	794,373	1,328,029	7.35
Term loan 6	2,635,252	(f)	189,872	915,240	1,530,140	7.35
Bridging loan	2,976,637	(g)	2,976,637	0	0	8.35
	15,775,718		4,146,869	5,343,372	6,285,477	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 ***(CONTINUED)***

30 TERM LOANS ***(CONTINUED)***

Principal features of secured term loans

(a) Term loan 1 of RM4,140,000 is repayable by 120 monthly instalments of RM58,313 commencing April 2013.

(b) Term loan 2 of RM400,000 is repayable by 60 monthly instalments of RM8,035 commencing October 2013. It is secured by a specific debenture over a unit of machinery of a subsidiary.

(c) Term loan 3 of RM1,500,000 is repayable by 120 monthly instalments of RM17,494 commencing September 2014.

(d) Term loan 4 of RM2,500,000 is repayable by 120 monthly instalments of RM29,481 commencing September 2015.

(e) Term loan 5 of RM2,300,000 is repayable by 120 monthly instalments of RM27,122 commencing February 2016.

(f) Term loan 6 of RM2,650,000 is repayable by 120 monthly instalments of RM31,249 commencing February 2016.

(g) The bridging loan has been fully settled during the current financial year. The bridging loan was secured by a first party legal charge over the development land of a subsidiary.

(h) Term loans 1, 3, 4, 5 and 6 are secured by way of:
   (i) fixed charges on the land and buildings of certain subsidiaries; and
   (ii) deeds of negative pledges.

(i) All the above term loans are also guaranteed by the Company.

The interest expenses on these term loans are calculated based on floating interest rates which may be varied any time at the banks' discretions.

All the term loans are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

31 PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Non current liabilities				
Amount owing to a subsidiary	0	0	0	8,196,498
Current liabilities				
Trade payables	26,034,500	24,113,284	0	0
Progress billings for property development	1,896,347	5,889,957	0	0
Other payables	4,285,000	7,141,571	135,182	126,022
Accrued liabilities	2,050,552	2,070,842	311,350	269,700
Amount owing to a subsidiary	0	0	11,684,544	6,561,062
Amount owing to a director	0	459,463	0	0
	34,266,399	39,675,117	12,131,076	6,956,784
Total payables and accrued liabilities	34,266,399	39,675,117	12,131,076	15,153,282
The currency profile of trade and other payables and accrued liabilities is as follows:				
- Ringgit Malaysia	30,334,026	37,968,314	12,131,076	15,153,282
- US Dollar	2,457,753	1,049,750	0	0
- Chinese Renminbi	1,340,163	586,136	0	0
- Others	134,457	70,917	0	0
Total payables and accrued liabilities	34,266,399	39,675,117	12,131,076	15,153,282

Credit terms of trade payables granted to the Group vary from cash on delivery to 90 days (2016: Cash on delivery to 90 days).

Included in other payables of the Group as at 31 March 2017 is the net output tax payable of RM32,311 (2016: RM22,961) in respect of goods and services tax.

Included in other payables of the Group as at 31 March 2016 was an amount of RM4,572,129 due payable to a financing company for the purchase of leasehold land of an abandoned project. As at 31 March 2017, the amount owing to the financing company has been fully settled.

Non trade amounts owing to a subsidiary of the Company as at 31 March 2017 are unsecured, interest free and are repayable on demand. Effective interest rate as at 31 March 2016 was 5.57% per annum.

The amount owing to a director of the Group as at 31 March 2016 denominated in Ringgit Malaysia was unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

32 PROVISIONS

		GROUP 2017 RM	GROUP 2016 RM
Provision for liquidated damages			
At 1 April		934,361	504,361
Charged to profit or loss (Note 9)		1,901,762	430,000
Liquidated damages paid during current financial year		(328,034)	0
At 31 March	(a)	2,508,089	934,361
Provision for compensation claims			
At 1 April		744,000	0
Current year provision debited to property development cost (Note 20)		64,489	744,000
Compensation paid during current financial year		(204,186)	0
At 31 March	(b)	604,303	744,000
Total provisions		3,112,392	1,678,361

(a) The provision for liquidated damages relates to an ongoing development project undertaken by the Group and is recognised for expected claims arising from the delay in delivery of houses based on the terms stated in the sale and purchase agreements.

(b) The provision for compensation claims relates to a formerly abandoned project currently undertaken by the Group where the provision is recognised for expected claims from previous home buyers who had acquired the properties from the previous developer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

33 SHORT TERM BANK BORROWINGS

	GROUP	
	2017	2016
	RM	RM
Secured		
Bank overdrafts	7,399,065	11,336,556
Foreign currency revolving credit	1,930,270	1,718,280
	9,329,335	13,054,836
Unsecured		
Bank overdrafts	1,534,716	1,993,846
Trade finance liabilities	656,271	839,036
	2,190,987	2,832,882
Total		
Bank overdrafts (Note 25)	8,933,781	13,330,402
Foreign currency revolving credit and trade finance liabilities	2,586,541	2,557,316
	11,520,322	15,887,718

The short term bank borrowings of the Group are secured, where applicable, by the following:

(i) fixed charges on the land and buildings of certain subsidiaries;
(ii) deposits pledged with a licensed bank of a subsidiary of RM3,840,992 (2016: RM3,730,830)(Note 24);
(iii) first party legal charge over certain of the sub-divided titles of the property development leasehold land of a subsidiary (Note 20);
(iv) deeds of negative pledge of certain subsidiaries; and
(v) deed of assignment of contract proceeds of a subsidiary.

Short term bank borrowings of the Group are also guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

33 SHORT TERM BANK BORROWINGS *(CONTINUED)*

	GROUP 2017 RM	GROUP 2016 RM
The currency profile of short term bank borrowings is as follows:		
- Ringgit Malaysia	9,590,052	14,169,438
- US Dollar	1,930,270	1,718,280
	11,520,232	15,887,718

	GROUP 2017 %	GROUP 2016 %
Weighted average effective interest rates per annum:		
- bank overdrafts	7.63	8.05
- foreign currency revolving credit	3.77	3.40
- trade finance facilities	6.63	6.62

	GROUP 2017 Days	GROUP 2016 Days
The ranges of credit periods of these short term borrowings are as follows:		
Foreign currency revolving credit	181	180
Trade finance liabilities	141 - 150	143 - 149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

34 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with related parties based on terms agreed between the parties:

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Management fees charged to subsidiaries				
- Caely (M) Sdn. Bhd.	0	0	108,000	108,000
- Classita (M) Sdn. Bhd.	0	0	60,000	60,000
Interest expense paid/payable to a subsidiary				
- Classita (M) Sdn. Bhd.	0	0	(444,804)	(1,016,403)
Interest income received/ receivable from subsidiaries				
- Caely (M) Sdn. Bhd.	0	0	1,179,043	1,724,936
- Marywah Industries (M) Sdn. Bhd.	0	0	139,260	210,937
- Caely Development Sdn. Bhd.	0	0	5,134	7,342
Advances to a subsidiary				
- Caely (M) Sdn. Bhd.	0	0	(136,325)	(133,161)
Advances repaid from subsidiaries				
- Caely (M) Sdn. Bhd.	0	0	530,000	329,640
- Marywah Industries (M) Sdn. Bhd.	0	0	150,000	215,000
Repayments of advances to a subsidiary				
- Classita (M) Sdn. Bhd.	0	0	(102,784)	(109,806)
Advances from a subsidiary				
- Classita (M) Sdn. Bhd.	0	0	1,085,000	1,235,000
Advances repaid to a director				
- Dato' Chuah Chin Lai	(459,463)	(3,789)	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

34 SIGNIFICANT RELATED PARTY DISCLOSURES *(CONTINUED)*

(b) Key management compensation

Key management of the Company comprises all members of the board of directors. Key management of the Group comprises key management of the Company and the general managers of its subsidiaries. The compensation paid or payable to key management is shown below:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Fees	240,350	235,000	240,350	209,000
Salaries and bonus	909,520	808,980	10,200	10,200
Defined contribution plan expenses	140,419	122,241	0	0
	1,290,289	1,166,221	250,550	219,200
Monetary value of benefits-in-kind	18,600	18,600	0	0

35 NON CASH TRANSACTIONS

The principal non cash transactions of the Group and the Company during the financial year are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Purchase of property, plant and equipment by means of hire-purchase financing	350,000	60,000	0	0
Interest received added on directly to fixed deposits pledged as security with a licensed bank	110,162	107,534	0	0
Contra of amount owing by a subsidiary against the amount owing to another subsidiary	0	0	(170,000)	(100,000)
Cost transferred from property development costs to capital work in progress	497,737	359,481	0	0
Proceed from disposal of property, plant and equipment contra against balance with suppliers	9,204	27,000	0	0
Dividends paid by way of set-off against amount owing to a subsidiary	0	0	4,500,036	13,500,108
Purchase of plant and machinery by mean of contra against balance with supplier	181,388	0	0	0
Repayment to a director by way of contra of balances	(422,513)	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial assets				
Financial asset measured at fair value through profit or loss:				
- Marketable securities	598,757	584,759	598,757	584,759
- Derivative financial assets	6,401	0	0	0
	605,158	584,759	598,757	584,759
Loans and receivables at amortised cost:				
- Trade and other receivables and deposits excluding prepayments, amounts due from customers on contracts, accrued billings, advances to sub-contractors and input tax receivables	35,492,356	41,848,166	9,686	9,725
- Amounts owing by subsidiaries	0	0	35,647,782	35,460,533
- Deposits with licensed banks	3,840,992	4,357,070	0	0
- Bank and cash balances	1,121,654	6,554,954	221,693	41,880
	40,455,002	52,760,190	35,879,161	35,512,138
Total	41,060,160	53,344,949	36,477,918	36,096,897
Financial liabilities				
Other financial liabilities at amortised cost:				
- Hire-purchase creditors	484,831	256,305	0	0
- Term loans	11,607,806	15,775,718	0	0
- Short term bank borrowings	11,520,322	15,887,718	0	0
- Payables and accrued liabilities excluding statutory liabilities	34,234,088	39,652,156	446,532	395,722
- Amounts owing to subsidiaries	0	0	11,684,544	14,757,560
Total	57,847,047	71,571,897	12,131,076	15,153,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns for its shareholders. Financial risk management is carried out through risk review, internal control systems, bench marking to the industry's best practices and adherence to the Group's financial risk management policies. The main risks arising from the financial instruments of the Group are market risk, price risk, credit risk and liquidity risk. Management monitors the Group's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group. The nature of these risks and the Group's approaches in managing these risks are listed below:

(i) Market risk

(a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in foreign exchange rates. The Group is exposed to foreign currency exchange risk as a result of its normal trade activities that are denominated in currencies other than Ringgit Malaysia.

The Group's sales are mostly denominated in US Dollar and Ringgit Malaysia and to a lesser extent the Euro whilst purchases are denominated in US Dollar, Chinese Renminbi and Ringgit Malaysia.

The Group mitigates its foreign currency exchange risk through the natural hedge of operating foreign currency accounts using the deposits from its export proceeds to pay imported purchases where both are denominated in the same foreign currency. The Group also enters into foreign currency forward contracts to hedge certain of the export proceeds and import purchases, whenever considered necessary.

Sensitivity analysis for foreign currency exchange risk

Based on the currency profile of receivables and payables as disclosed in the respective Note 19 and Note 31 to the financial statements respectively, the sensitivity analysis of foreign currency exchange risk is calculated based on reasonably possible change in exchange rates for the major currencies transacted by the Group against Ringgit Malaysia at the end of the financial year. This analysis assumes that all other variables are held constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 **FINANCIAL INSTRUMENTS** *(CONTINUED)*

(b) Financial risk management *(continued)*

(i) Market risk *(continued)*

(a) Foreign currency exchange risk *(continued)*

	Estimated % increase		Impact on profit or loss	
	2017	2016	2017	2016
Group	%	%	RM	RM
Foreign currency strengthens against RM				
- US Dollar	2	5	-16,000	+136,000
- Euro	3	10	+74,000	+271,000
- Chinese Renminbi	2	2	-21,000	-10,000

Conversely, weakening of major currencies against Ringgit Malaysia by the above percentages would have had equal but opposite effects on the results of the Group shown above on the basis that all other variables remain constant.

The Group is not exposed to significant foreign currency exchange risk.

(b) Interest rate risk

The Group's exposure to changes in interest rates relates mainly to debt obligations and deposits placed with financial institutions in Malaysia. Majority of the borrowings are contracted on variable terms.

Sensitivity analysis for interest rate risk

Assuming all variables remain constant, an increase in interest rate by 0.5% (2016: 0.5%) on financial assets and liabilities of the Group which have variable interest rates would have an impact on the Group's profit or loss as shown below:

	Impact on profit or loss	
	2017	2016
Group	RM	RM
Increase in interest rate:		
- bank borrowings and term loans	-116,000	-158,000

Conversely, a decrease in interest rate by 0.5% on financial assets and liabilities of the Group would have had equal but opposite effect on the amounts shown above on the basis that all other variables remain constant.

The impact of fluctuation in interest rate risk on the results of the Company is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management *(continued)*

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company is exposed to price risk arising from its investments in quoted shares and unit trusts. These quoted shares and unit trusts are listed on Bursa Malaysia or overseas' exchanges and are classified as fair value through profit or loss.

At the end of the reporting period, if both the FTSE Bursa Malaysia KLCI and other overseas markets had been 5% (2016: 5%) higher/lower, with all other variables held constant, the Group's and the Company's net profit would have been RM29,938 (2016: RM29,238) higher/lower, as a result of an increase/decrease in the fair value of these quoted shares and unit trusts.

(iii) Fair value estimation

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, bank and cash balances, receivables and payables (including amounts owing (to)/from group companies).

The fair value of the floating interest rate borrowings approximates its carrying value as at the reporting date.

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

33 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management *(continued)*

(iii) Fair value estimation *(continued)*

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
GROUP				
At 31 March 2017				
Assets				
Property, plant and equipment	0	0	21,267,082	21,267,082
Investment property	0	4,100,000	0	4,100,000
Marketable securities	598,757	0	0	598,757
Derivative financial instrument	0	6,401	0	6,401
At 31 March 2016				
Assets				
Property, plant and equipment	0	0	21,700,191	21,700,191
Investment property	0	4,000,000	0	4,000,000
Marketable securities	584,759	0	0	584,759
COMPANY				
At 31 March 2017				
Assets				
Investment property	0	4,100,000	0	4,100,000
Marketable securities	598,757	0	0	598,757
At 31 March 2016				
Assets				
Investment property	0	4,000,000	0	4,000,000
Marketable securities	584,759	0	0	584,759

There were no derivative financial instruments outstanding as at 31 March 2016 for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 ***(CONTINUED)***

36 FINANCIAL INSTRUMENTS ***(CONTINUED)***

(b) Financial risk management *(continued)*:

(iii) Fair value estimation *(continued)*

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. The market price used for marketable securities held by the Group is the closing quoted market price at the end of the reporting period. These instruments are included in Level 1.

The fair value of the derivative financial instruments is based on certain inputs which are not directly obtainable from quoted prices and is therefore classified in Level 2. The Group and the Company engage external, independent and qualified valuers to determine the fair values of the Group's land and buildings and the Company's investment property. The fair value of the investment property which is a four storey shop house located in a commercial area as disclosed in Note 15 is classified under Level 2 as the fair value is derived using the market value of similar properties in the same locality.

The fair value of the land and buildings included in property, plant and equipment disclosed in Note 14 is classified under Level 3 as the fair value is derived using the comparison method as there has been a limited number of similar sales in the same location. Valuation has been performed using unobservable input. The unobservable input is price per square feet and they are in the range of RM23 to RM24 per square feet. Adjustment is made for size, shape of lot, site facilities and time element.

Assuming all variables remain constant, a 5% (2016: 5%) increase in unobservable input in price per square feet would lead to an increase of RM378,500 (2016: RM378,500) of the fair values of the freehold land of the Group. Conversely, a 5% decrease would have had equal but opposite effects.

There were no transfers between levels 1, 2 and 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management *(continued)*

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, deposits with licensed banks and bank balances.

Credit risk arising from OEM

The Group exports of its ladies undergarments products mostly to Europe, Canada, Mexico, Netherland, Hong Kong, Singapore and the United States of America. For overseas customers, most of the trade debtors are secured via Letter of Credit or Document Against Payment at Sight.

Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from property development activities

The Group does not have any significant credit risk nor any concentration of credit risk from its property development activities as its services and products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers or loans obtained from relevant government authority.

Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

Credit risk arising from construction activities

The Group has significant concentration of credit risk in the form of outstanding balance due from 2 customers (2016: 2 customers) representing 48% (2016: 61%) of the total trade receivables. The Group considers the risk of default by the trade receivables relating to its construction activity to be low as the major contract is under a government agency. Trade receivables from other various constructions projects are monitored on an ongoing basis via the management reporting procedures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 ***(CONTINUED)***

36 FINANCIAL INSTRUMENTS ***(CONTINUED)***

(b) Financial risk management *(continued)*

(iv) Credit risk *(continued)*

Credit risk arising from direct selling and retailing activities

The Group operates locally in Malaysia for its direct selling and retailing activities. A substantial portion of its revenue is transacted on credit terms. The Group applies due credit approval and monitoring processes and assesses the credit worthiness of its customers on a periodic basis. Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions. The Group considers the risk of material loss in the event of non performance by a financial counterparty to be low.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position except for financial guarantee contracts applicable to the Company. The maximum exposure for financial guarantee contracts are as disclosed in Note 36(b)(v) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management *(continued)*

(iv) Credit risk *(continued)*

Ageing analysis

The ageing analysis of the financial assets of the Group and the Company is as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Neither past due nor impaired:				
Trade receivables	26,367,795	24,908,030	0	0
Other receivables and deposits	1,295,754	3,288,786	9,686	9,725
Amounts owing by subsidiaries	0	0	35,647,782	35,460,533
Deposits with licensed banks	3,840,992	4,357,070	0	0
Bank and cash balances	1,121,654	6,554,954	221,693	41,880
	32,626,195	39,108,840	35,879,161	35,512,138
Past due but not impaired:				
Trade receivables				
1 to 60 days	2,358,728	5,347,164	0	0
61 to 120 days	223,964	679,183	0	0
More than 121 days	5,246,115	7,625,003	0	0
	7,828,807	13,651,350	0	0
	40,455,002	52,760,190	35,879,161	35,512,138
Impaired:				
Trade receivables	2,173,525	2,331,266	0	0
Other receivables	120,414	0	0	0
Amount owing by a subsidiary	0	0	1,642,996	1,050,483
Total	42,748,941	55,091,456	37,522,157	36,562,621

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 **FINANCIAL INSTRUMENTS** *(CONTINUED)*

(b) Financial risk management *(continued)*

(iv) Credit risk *(continued)*

Receivables that are neither past due nor impaired

Deposits and bank balances are mainly deposits placed with reputable licensed banks in Malaysia. Amounts owing by subsidiaries are repayable on demand and are within the treasury arrangements controlled within the Group. Trade and other receivables that are neither past due nor impaired are due from credit-worthy debtors with good historical payment records with the Group. Majority of the Group's trade receivables are due from property purchasers using financing from reputable end-financiers or loans obtained from relevant government authority.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As of 31 March 2017, the Group has trade receivables of RM7,828,807 (2016: RM13,651,350) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default. A portion of these debts is outstanding from the construction contract. Certain portions of these debts have been repaid subsequent to the financial year end.

Receivables that are impaired

The Group's receivables that are impaired at the reporting date and the movements of the allowance accounts used to record the impairment are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade and other receivables/Amount owing by a subsidiary				
Nominal amount of individually impaired debt	2,293,939	2,331,266	1,642,996	1,050,483
Allowance for doubtful debts	(2,293,939)	(2,331,266)	(1,642,996)	(1,050,483)
	0	0	0	0
Movements in allowance accounts:				
At 1 April	2,331,266	2,144,265	1,050,483	950,483
Charge for the financial year (Note 9)	120,414	189,950	592,513	100,000
Write back (Note 9)	(157,741)	(2,949)	0	0
At 31 March	2,293,939	2,331,266	1,642,996	1,050,483

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 **FINANCIAL INSTRUMENTS** *(CONTINUED)*

(b) Financial risk management *(continued)*

(iv) Credit risk *(continued)*

Receivables that are impaired *(continued)*

Trade receivables of the Group that are individually impaired at the end of the reporting period relates mainly to specific doubtful debtors in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(v) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains sufficient cash and ensure availability of funding through an adequate but flexible amount of credit facilities obtained from financial institutions in Malaysia. Borrowings are maintained with varying maturities to ensure sufficient cash inflow from operations is available to meet all repayment requirements. The Company maintains sufficient cash for its operations with internal funding from its subsidiaries.

The table below summaries the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2017			
	Within one year RM	Two to five years RM	More than five years RM	Total RM
Group				
Non derivative financial liabilities:				
Trade and other payables	34,234,088	0	0	34,234,088
Hire-purchase creditors	146,784	233,267	171,738	551,789
Term loans	2,060,328	7,904,440	5,018,794	14,983,562
Short term bank borrowings	12,269,359	0	0	12,269,359
Total undiscounted financial obligations	48,710,559	8,137,707	5,190,532	62,038,798

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

36 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management *(continued)*

(v) Liquidity risk *(continued)*

	2016			
	Within one year RM	Two to five years RM	More than five years RM	Total RM
Group				
Non derivative financial liabilities:				
Trade and other payables	39,652,156	0	0	39,652,156
Hire-purchase creditors	128,195	144,979	0	273,174
Term loans	5,296,857	8,001,171	7,193,095	20,491,123
Short term bank borrowings	17,030,443	0	0	17,030,443
Total undiscounted financial obligations	62,107,651	8,146,150	7,193,095	77,446,896

	2017			
	On demand* or within one year RM	Two to five years RM	More than five years RM	Total RM
COMPANY				
Non derivative financial liabilities:				
Trade and other payables	446,532	0	0	446,532
Amount owing to a subsidiary*	11,684,544	0	0	11,684,544
Financial guarantee liabilities*	14,329,687	7,904,440	5,018,794	27,252,921
Total undiscounted financial obligations	26,460,763	7,904,440	5,018,794	39,383,997

	2016			
	On demand* or within one year RM	Two to five years RM	More than five years RM	Total RM
COMPANY				
Non derivative financial liabilities:				
Trade and other payables	395,722	0	0	395,722
Amount owing to a subsidiary	6,932,538	10,216,466	0	17,149,004
Financial guarantee liabilities*	22,349,268	8,001,171	7,191,010	37,541,449
Total undiscounted financial obligations	29,677,528	18,217,637	7,191,010	55,086,175

There were no derivative financial liabilities as at 31 March 2017 and 31 March 2016 for the Group and the Company.

36 FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management *(continued)*

(v) Liquidity risk *(continued)*

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of credit facilities granted to certain wholly-owned subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. As at 31 March 2017, there was no indication that the subsidiaries would default on repayment.

Financial guarantee liabilities have not been recognised since the fair value on initial recognition was not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

(vi) Capital risk

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholders and issue new shares or buy back issued shares.

Management monitors capital based on shareholders' equity attributable to the owners of the Company as stated in the consolidated statement of financial position.

37 CONSTRUCTION CONTRACTS

	GROUP	
	2017 RM	2016 RM
At cost,		
Aggregate costs incurred to date	71,576,579	44,735,286
Attributable profit less recognised losses	11,073,842	6,407,320
	82,650,421	51,142,606
Progress billings	(79,135,512)	(47,671,192)
	3,514,909	3,471,414
Represented by:		
Amount due from customers on contracts (Note 19)	3,514,909	3,471,414
Retention on contracts included in:		
- Trade receivables	5,422,490	8,345,655
Interest capitalised (Note 10)	745,067	293,010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 *(CONTINUED)*

38 REALISED AND UNREALISED PROFITS/LOSSES

The following analysis of realised and unrealised profits/losses at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

The retained profits as at the reporting date are analysed as follows:

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Retained profits:				
- realised	84,589,668	79,039,897	38,865,667	34,625,774
- unrealised	(2,304,683)	(410,871)	(166,626)	673,727
	82,284,985	78,629,026	38,699,041	35,299,501
Less: Consolidation adjustments	(53,945,503)	(55,004,578)	0	0
Total retained profits as at 31 March	28,339,482	23,624,448	38,699,041	35,299,501

The disclosure of realised and unrealised profits/losses above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

LANDED PROPERTIES

AS AT 31 MARCH 2017

Title and location	Description	Tenure / Age of buildings	Year of Expiry	Land area / built-up area (Square feet)	Date of last valuation or acquisition	At Fair Value / Net book value RM
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Land	Leasehold	05.04.2078	2,300	31.12.2015	2,900,000
PM 3351 Lot 21475, Mukim Petaling, Negeri Wilayah Persekutuan	Building (4-storey shophouse)	Leasehold 12 years	05.04.2078	9,060	31.12.2015	1,200,000
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	45,466	30.11.2015	1,100,000
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	2-storey hostel	Freehold 21 years	-	15,250	30.11.2015	388,858
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey hostel	Freehold 19 years	-	11,100	30.11.2015	353,631
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 17 years	-	28,140	30.11.2015	1,443,572
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	274,972	30.11.2015	6,400,000
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	2-storey factory building	Freehold 20 years	-	69,928	30.11.2015	4,601,451

LANDED PROPERTIES

AS AT 31 MARCH 2017

Title and Location	Description	Tenure / Age of buildings	Year of Expiry	Land area / built-up area (Square feet)	Date of last valuation or acquisition	At Fair value / Net book value RM
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 13 years	-	76,800	30.11.2015	5,695,270
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1 ½-storey factory building	Freehold 10 years	-	8,400	30.11.2015	435,926
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 10 years	-	7,200	30.11.2015	264,462
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey surau	Freehold 10 years	-	625	30.11.2015	19,375
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey factory building	Freehold 10 years	-	1,980	30.11.2015	62,967
Lot No. 25287, Geran 69663, Mukim of Durian Sebatang, District of Hilir Perak	Land and building (2-storey residential property for staff)	Freehold 15 years	-	1,200 1,693	30.11.2015	70,000 91,513
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey hostel	Freehold 9 year	-	7,200	30.11.2015	340,057
Tapah Road, Plot 31, 32 and 39, Mukim of Batang Padang, District of Batang Padang	Residential and commercial land-development in progress	Leasehold	15-02-2112	52.79 acres	27.06.2011	8,713,982

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2017

Total number of Issued Shares	:	80,000,000 ordinary shares
Class of shares	:	Ordinary shares
Voting Rights	:	1 vote per share on a poll
No. of Shareholders	:	2,367

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 JUNE 2017

Size of shareholding	No. of shareholders	% of shareholders	No. of Shares	% of Shares
Less than 100	193	8.16	3,120	0
100 – 1,000	579	24.46	382,395	0.48
1,001 – 10,000	1,082	45.71	5,620,116	7.03
10,001 – 100,000	446	18.84	14,779,069	18.47
100,001 – less than 5% of issued shares	64	2.70	32,933,300	41.17
5% and above of issued shares	3	0.13	26,282,000	32.85
	2,367	100.00	80,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDER AS AT 30 JUNE 2017

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Datin Fong Nyok Yoon	13,630,000	17.04	12,732,000 (a)	15.92
Dato' Chuah Chin Lai	12,732,000	15.92	13,630,000 (b)	17.04

Notes:-

(a) Deemed interested in the shareholdings of her spouse, Dato' Chuah Chin Lai.

(b) Deemed interested in the shareholdings of his spouse, Datin Fong Nyok Yoon.

DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2017

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Datin Fong Nyok Yoon	13,630,000	17.04	12,732,000 (a)	15.92
Dato' Chuah Chin Lai	12,732,000	15.92 (b)	13,630,000 (c)	17.04
Siow Hock Lee	-	-	135,500 (d)	0.17

Notes:-

(a) Deemed interested in the shareholdings of her spouse, Dato' Chuah Chin Lai.

(b) 5,768,000 shares are held through nominee companies

(c) Deemed interested in the shareholdings of his spouse, Datin Fong Nyok Yoon.

(d) Deemed interested in the shareholdings of his spouse, Chen Bee Yoke.

ANALYSIS OF SHAREHOLDINGS
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AS AT 30 JUNE 2017

	Name of Shareholder	No. Shares Held	%
1	DATIN FONG NYOK YOON	13,630,000	17.04
2	DATO' CHUAH CHIN LAI	6,884,000	8.61
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' CHUAH CHIN LAI (474038)	5,768,000	7.21
4	FONG YOKE MOOI	3,289,600	4.11
5	CHONG JONG SIEW	2,914,300	3.64
6	JELAPANG JASA SDN BHD	2,880,000	3.60
7	FONG CHONG SENG	2,601,700	3.25
8	TEO KWEE HOCK	2,529,700	3.16
9	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)	2,456,700	3.07
10	TAN YENG FATT	2,008,100	2.51
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KOK HOOI	1,004,000	1.26
12	TEE AH SWEE	735,000	0.92
13	LEONG NAM SOON	708,100	0.89
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YUN WAH	652,000	0.82
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE (E-SPI)	628,300	0.79
16	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG GEE TIONG	577,600	0.72

ANALYSIS OF SHAREHOLDINGS
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF MEMBERS AS AT 30 JUNE 2017

	Name of Shareholder	No. Shares Held	%
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YOONG SIN KUEN (MY1568)	534,800	0.67
18	JF APEX NOMINEES (TEMPATAN) SDN BHD AISB ZAINUL ABIDIN BIN OMAR (STA3)	369,600	0.46
19	LOH BOON HONG	340,000	0.43
20	KENANGS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEOW HIAN @ TAN LEK KEAH	333,300	0.42
21	NG CHIN CHUANG	326,900	0.41
22	YAP YOON KONG	300,000	0.38
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA GUAN SENG	290,000	0.36
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AOW YONG HUI CHIN	288,100	0.36
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHIN HOCK (7003122)	280,000	0.35
26	MAH WEE HIAN @ MAH SIEW KUNG	279,800	0.35
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANKAJKUMAR A/L SHANTILAL	279,700	0.35
28	TEE AH SWEE	253,900	0.32
29	SIM WEE CHEN	240,000	0.30
30	OW TIEW SEE	213,600	0.27

Caely Holdings Bhd.
(Company No. 408376-U)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We ____
(Full Name in Capital Letters)

of ____
(Full Address)

being a Member/Members of CAELY HOLDINGS BHD hereby appoint * the Chairman of the meeting or ______________________

______________________ of ______________________
(Full Name in Capital Letters) (Full Address)

or failing him/her ______________________ of ______________________
(Full Name in Capital Letters) (Full Address)

as * my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Twenty-First Annual General Meeting ("AGM") of the Company, to be held at Geno Hotel, Jalan Subang Mas, Taman Subang Mas, 47620 Subang Jaya, Selangor Darul Ehsan on Tuesday, 19 September 2017 at 10.00 a.m. and at every adjournment thereof to vote as indicated below:

	Ordinary Business	FOR	AGAINST
Resolution 1	To approve the payment of a single tier tax exempt final dividend of 1 sen per share amounting to RM800,000.00 on 80,000,000 ordinary shares for the financial year ended 31 March 2017.		
Resolution 2	To approve the payment of Directors' fees amounting to RM240,350.00 for the financial year ended 31 March 2017.		
Resolution 3	To approve the payment of Directors' fees and benefits up to an amount of RM300,000.00 to the Directors with effect from 31 January 2017 until the next AGM.		
Resolution 4	To approve the re-election of Mr Ooi Say Teik, the Director who shall retire pursuant to Article No. 124 of the Constitution of the Company.		
Resolution 5	To approve the re-election of Mr Siow Hock Lee, the Director who shall retire pursuant to Article No. 124 of the Constitution of the Company.		
Resolution 6	To approve the re-appointment of Mr Hem Kan @ Chan Hong Kee as Director of the Company.		
Resolution 7	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 March 2018 and to authorise the Directors to determine their remuneration.		
	Special Business		
Resolution 8	To approve continuation of term of office as Independent Non-Executive Director of the Company for Mr Ooi Say Teik		
Resolution 9	To approve continuation of term of office as Independent Non-Executive Director of the Company for Mr Siow Hock Lee.		
Resolution 10	To approve continuation of term of office as Independent Non-Executive Director of the Company for Mr Hem Kan @ Chan Hong Kee		
Resolution 11	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proportion of my holdings to be represented by my *proxy/proxies are as follows:-

First name Proxy	%
Second name Proxy	%
	100%

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

As witness my hand ______________ day of ______________ 2017.

*Strike out whichever is not desired.

Signature: ______________________

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 12 September 2017 ("General Meeting Record of Depositors") shall be regarded as members entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the proxies shall not be valid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the Registered Office situated at Level 8 Symphony House Block D13 Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 31 July 2017.

Then fold here

Affix
Stamp

CAELY HOLDINGS BHD.
(408376-U)

Level 8, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor.

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