



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

S t e p p i n g F o r w a r d

2018
ANNUAL REPORT



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BOARD OF DIRECTORS

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

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

Independent
Non-Executive Director
Siow Hock Lee

Independent
Non-Executive Director
Ooi Say Teik

Independent
Non-Executive Director
Hem Kan @ Chan Hong Kee

Non-Independent
Non-Executive Director
Lai Kian Huat

RISK MANAGEMENT AND AUDIT COMMITTEE

Chairman
Siow Hock Lee

Members
Ooi Say Teik
Hem Kan @ Chan Hong Kee

REMUNERATION COMMITTEE

Chairman
Ooi Say Teik

Members
Datin Fong Nyok Yoon
Siow Hock Lee

NOMINATION COMMITTEE

Chairman
Hem Kan @ Chan Hong Kee

Members
Ooi Say Teik
Siow Hock Lee

COMPANY SECRETARIES

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

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : CAELY
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
PLT
(LLP0014401-LCA & AF1146)
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 (187984-H)
Level 15-2,
Bangunan Faber Imperial
Court,
Jalan Sultan Ismail
50250 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 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting ("AGM") of Caely Holdings Bhd. will be convened and held at Lower Perak Club, Jalan Denai Intan, Bandar Baru, 36000 Teluk Intan, Perak Darul Ridzuan on Thursday, 20 September 2018 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2018 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 RM800,007.00 on 80,000,700 ordinary shares for the financial year ended 31 March 2018. (Resolution 1)
3. To approve the payment of Directors' fees amounting to RM240,350.00 for the financial year ended 31 March 2018. (Resolution 2)
4. To approve the payment of Directors' fees and benefits up to an amount of RM450,000.00 to the Directors with effect from 21 September 2018 until the next AGM. (Resolution 3)
5. To approve the re-election of the following Directors who retire pursuant to Article No. 124 of the Constitution of the Company and being eligible, have offered themselves for re-election:-
 - i) Datin Fong Nyok Yoon; and (Resolution 4)
 - ii) Dato' Chuah Chin Lai. (Resolution 5)
6. To approve the re-election of Mr. Lai Kian Huat as Director who retires pursuant to Article No. 129 of the Constitution of the Company and being eligible, has offered himself for re-election. (Resolution 6)
7. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 March 2019 and to authorise the Directors to determine their remuneration. (Resolution 7)



NOTICE OF 22ND 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 twelve (12) years, to continue to serve as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2017:-

- | | |
|------------------------------------|-----------------|
| 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 (Resolution 11)

"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."

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 22ND 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 2018 ("Dividend") under Resolution 1 at the Twenty-Second AGM of the Company, the Dividend will be paid to the shareholders on 25 October 2018. The entitlement date for the Dividend shall be 5 October 2018:-

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 5 October 2018 in respect of transfers; and
- b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

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

31 July 2018

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 12 September 2018 ("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 22ND 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 22ND ANNUAL GENERAL MEETING

(CONTINUED)

EXPLANATORY NOTES:

1. *Statutory Financial Statements for the financial year ended 31 March 2018*

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 21 September 2018 until the next AGM of the Company, which comprise the following:-

	Board Chairperson	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*

As recommended by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the Board of Directors has recommended 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 twelve (12) years since 5 June 2003 to continue to act as Independent Non-Executive Directors subject to the shareholders' approval through a two-tier voting process at the Twenty-Second AGM.

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 twelve (12) 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 Securities 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 twelve (12) 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



NOTICE OF 22ND ANNUAL GENERAL MEETING

(CONTINUED)

EXPLANATORY NOTES: (CONTINUED)

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

- (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.

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 for renewal of the Mandate granted by the members at the last AGM held on 19 September 2017. The Mandate granted at the last AGM was utilised by the Company arising from the Exercise of Warrants 2018/2021 via an allotment of 700 ordinary shares at an exercise price of RM0.38 to the Warrant Holder, RM266.00 were raised from such exercise of warrants.

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 22ND ANNUAL GENERAL MEETING

(CONTINUED)

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SECOND ANNUAL GENERAL MEETING

NAMES OF DIRECTORS STANDING FOR RE-ELECTION

1. Ordinary Resolutions 4, 5 and 6 - Re-election of Directors

- (a) Directors who are retiring pursuant to Article No. 124 of the Constitution of the Company and seeking for re-election at the forthcoming Twenty-Second AGM are as follows:-
 - (i) Datin Fong Nyok Yoon; and
 - (ii) Dato' Chuah Chin Lai.

- (b) Director who is retiring pursuant to Article No. 129 of the Constitution of the Company and seeking for re-election at the forthcoming Twenty-Second AGM is as follows:-
 - (i) Mr. Lai Kian Huat.

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 13 to 15 and 167 to 169 of the Company's Annual Report respectively.



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



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

100%

100%

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



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

100%

100%



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

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

51%



5 Years Financial Highlights of the Group

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Key Operation Results					
Revenue	94,531	94,496	118,135	119,130	97,946
Profit before taxation ("PBT")	4,811	5,014	7,534	7,182	2,263
Taxation	2,319	(1,376)	(2,656)	(2,080)	(948)
Profit after taxation ("PAT")	7,130	3,637	4,878	5,102	1,315
Non-controlling interest ("NCI")	(27)	149	281	413	65
Profit for the financial year attributable to owners of the Company	7,104	3,786	5,159	5,515	1,380
Other Key Data					
Total assets	107,963	131,924	157,703	149,819	142,965
Total borrowings	14,690	19,185	31,920	23,614	23,089
Shareholders' equity	74,046	76,883	82,797	87,099	87,614
Dividends Per Share (sen)	-	1	1	1	1
PBT Margin (%)	5.09	5.31	6.38	6.03	2.31
PAT after NCI Margin (%)	7.51	4.01	4.37	4.63	1.41
Net EPS (sen)	8.88	4.73	6.45	6.89	1.73
Return on total assets (%)	1.35	1.65	1.97	1.87	1.79
Return on equity (%)	0.93	0.96	1.03	1.09	1.10



5 Years Financial Highlights of the Group (CONTINUED)

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Gearing					
Borrowings	14,690	19,185	31,920	23,614	23,089
Gearing (times)	0.20	0.25	0.39	0.27	0.26
Interest cover (times)	12.34	9.51	9.62	6.15	0.86

SHARE PERFORMANCE

The Group is continually endeavoured to enhance shareholders' value by improving our market capitalisation. The below illustration sets out the five (5) years highest and lowest transacted prices of the Shares on the Bursa Securities.

Year high (RM)	0.565	0.59	0.66	0.565	1.37
Year low (RM)	0.255	0.35	0.455	0.465	0.38
Year close (RM)	0.525	0.475	0.52	0.495	0.94
Market capitalisation (as at the financial year end) (RM' 000,000)	42.00	38.00	41.60	39.60	75.20



1 DATIN FONG NYOK YOON

Aged 56, 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 four (4) Board Meetings of CHB held during the financial year ended 31 March 2018.

2 DATO' CHUAH CHIN LAI

Aged 58, 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 2018.



3 SIOW HOCK LEE

Aged 62, 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 as a professional accountant in public practice.

Mr. Siow is presently an Independent Non-Executive Director of Amtel Holdings Berhad, which is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Independent Non-Executive Director of Mykris International 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 2018.

4 OOI SAY TEIK

Aged 58, 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. He is presently an Independent Non-Executive Director of Dolomite Corporation Bhd, which is a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Ooi 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 2018.



5 HEM KAN @ CHAN HONG KEE

Aged 78, 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 all five (5) Board Meetings of CHB held during the financial year ended 31 March 2018.

6 LAI KIAN HUAT

Aged 52, Malaysian, Male

Non-Independent Non-Executive Director

Lai Kian Huat is a Non-Independent Non-Executive Director and was appointed to the Board on 16 April 2018.

Mr. Lai is a Fellow Member of the Association of International Accountants in United Kingdom and Certified Financial Planner of the Financial Planning Association of Malaysia. He has over 25 years of experience in accounting, audit, taxation and management matters as well as corporate exercise, treasury and cash management, investigation audit and due diligence assignments.

He had previously held various senior positions in several public and private companies, notably as Independent Non-Executive Director of Ta Win Holdings Berhad., Independent Non-Executive Director and Chairman of Audit Committee of Ideal Jacobs (Malaysia) Corporation Berhad., Executive Director and Chief Financial Controller of SMTrack Berhad., Senior Finance Manager of Perwaja Steel Sdn. Bhd. (a subsidiary of Perwaja Holdings Berhad) and Senior Finance Manager of Megasteel Sdn. Bhd. (a subsidiary of Lion Corporation Berhad.).

Mr. Lai 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.



PROFILE OF KEY SENIOR MANAGEMENT

1 CHUAH LIM TAI

Aged 33, 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 eleven (11) 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.

Save as disclosed above, Mr. Chuah does not has any family relationship with any Director and/or major shareholders of the Company and does not has any conflict of interest with CHB. He 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.



ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1.1 AUDIT AND NON-AUDIT FEE

A breakdown of fees for audit and non-audit services incurred by the Company and its subsidiary companies for the financial year ended 31 March 2018 is disclosed in the Notes to the Audited Financial Statements of this Annual Report.

1.2 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.

1.3 PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projection during the financial year ended 31 March 2018.

1.4 PROFIT GUARANTEE

The Company did not make any arrangement which require profit guarantee during the financial year ended 31 March 2018.

1.5 REVALUATION POLICY ON LANDED PROPERTIES

The Group applied revaluation model under Financial Reporting Standards ("FRS") 116 Property, Plant and Equipment, to measure the landed properties.

The Group's landed properties, comprising freehold and leasehold land, factory buildings and residential properties were last revalued on 30 November 2015. Valuations are performed at an interval of every five (5) years or at a shorter period to ensure that the fair value of a revalued assets does not differ materially from its carrying value.



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 2018. 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. was incorporated on 31 October 1996, as an investment holding company. Our Company was subsequently listed on the Main Market of Bursa Malaysia Securities Berhad on 31 July 2003. Our Group were involved in Manufacturing, Direct Selling and Retails business. In 2013, our Group ventured into Property Development and Construction. In the same year, our Group also acquired a 51% equity interest in Omni Green Sdn. Bhd., a company that operates a golf course in Lower Perak. This provided an opportunity for the Group to venture into the recreational and hospitality business.

Caely Holdings Bhd.'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.



FINANCIAL PERFORMANCE REVIEW

In spite of the challenging business environment, our Management has endeavoured to implement prudent and proactive steps and measures to improve the overall financial performance.

During the financial year ended 31 March 2018, our Group recorded a revenue of RM97.9 million, down 17.8% from RM119.1 million generated last year. The lower revenue was primarily due to the tail end effect of the major construction contracts that were completed during the financial year and the subdued consumer demand in the local market. Lower sales orders from United States of America (USA), France and Mexico also resulted to the decrease of revenue.

In line with the decrease in revenue, our Group posted profit after tax of RM1.3 million as compared to RM5.1 million in the previous financial year. Besides, higher operational cost and the volatility of Ringgit Malaysia had weighted on the manufacturing segment and attributed to the drop in profit.

The following table is the summary of revenue comparison for financial years 2018 and 2017 of the Group's business segments.

Revenue	2018 RM'000	2017 RM'000	Increase / (Decrease) RM'000	%
Manufacturing	61,443	64,537	(3,094)	(4.8)
Property Development and Construction	32,018	50,617	(18,599)	(36.7)
Direct Selling and Retail	3,921	3,447	474	13.8
Others	564	529	35	6.6
Total	97,946	119,130	(21,184)	(17.8)



BUSINESS SEGMENTS

1) Manufacturing segment

This segment is involved in the manufacturing and trading of ladies undergarments for both the local and export markets. This segment remains the key contributor to our Group's performance in term of revenue and profit from operations. In the local front, our products are primarily marketed under our own brands of Caely and Lunavie; Whilst for the export market our products are completely manufactured under foreign OEM brands, such as LC Waikiki, Viania, After Eden, Bon Prix, Voglo and etc. The export market is still the dominant revenue contributor for the current financial year, accounting for 62.7% (2017: 52.7%) of our Group revenue. Our Group remains the dominant Malaysian manufacturer of ladies undergarments in the export markets.

The breakdown of manufacturing revenue generated by geographical segment is presented as follows:

Country	2018 RM'000	%
Germany	33,156	54.0
Canada	9,550	15.5
United States of America (USA)	7,634	12.4
European countries (exclude Germany)	4,847	7.9
Hong Kong	4,931	8.0
Malaysia	584	1.0
Other countries	741	1.2
Total	61,443	100

During the current financial year under review, revenue from the Manufacturing segment, registered a drop of RM3.1 million or 4.8% as compared to 2017. The decrease was mainly attributed to lower sales orders from United States of America (USA), France and Mexico as well as local buyers. However, the decrease is partially offset by the increase export to Germany and United Kingdom as well as a rebound of demand from Hong Kong.

Profit before tax for this segment decreased by RM2.9 million, or 72.5% to RM1.1 million in 2018 from RM4.0 million in 2017. This was mainly attributable to lower export revenue, higher operating cost and decrease in other operating income arising from unfavourable foreign exchange rates during the financial year under review.



BUSINESS SEGMENTS *(continued)*

1) **Manufacturing segment *(continued)***

In view of the escalating operational costs and the proposed changes in government policies for local labour market, i.e. foreign workers' levy and minimum wages; our Group has continually engaged subcontractors in foreign countries such as Myanmar and Bangladesh, to take advantage of the availability of cheaper labour costs and the import duties exemption incentive granted by the importing countries. It also saves capital expenditure and provides the flexibility and ease of exit. The manufacturing facility in Malaysia will continue to focus on high margin orders as well as research and development activities to come up with new designs and fittings.

2) **Property Development and Construction segment**

We believe our prospects have improved through our diversification and expansion into Property Development and Construction segment. We started out our first Construction in 2013 and followed by Property Development in 2014. This segment contributed 32.7% (2017: 42.5%) of our Group's revenue.

The Construction works were in respect of residential houses in Teluk Intan and around Changkat Lada areas in Perak. During the financial year under review, our Group had completed all the major contract works.

In 2014, our Group started our maiden mixed development project at Taman Universiti Wallagonia, Tapah Road, Perak. This development project is adjoining the Universiti Teknologi Mara ("UiTM"), Tapah campus. Our Group had completed the first phase of this mixed development project with Certificate of Completion and Compliance ("CCC") obtained in September 2017. Currently, our Management is preparing to launch the next phase of this mixed development project albeit at a slower pace due to weak sentiment in the current property market and Bank Negara's tight credit policy.

Presently, the only other ongoing development project is in the Ulu Kelang area in Selangor. This is an affordable high rise condominium project consisting of 126 units. This project was once abandoned which our Group is now reviving. As at year end, the project has achieved approximately 85% physical completion and is expected to be fully completed in the financial year ending 31 March 2019. A vacant lot measuring approximately 2 acres adjacent to the current condominium project is next in line awaiting future development.



BUSINESS SEGMENTS (continued)

2) Property Development and Construction segment (continued)

The breakdown of Property Development and Construction revenue generated by category is presented as follows:

Category	2018 RM'000	%
Property Development	12,811	40.0
Construction	19,207	60.0
Total	32,018	100

Revenue from Property Development and Construction decreased by RM18.6 million or 36.7% from RM50.6 million in 2017 to RM32.0 million in 2018. The decrease was mainly due to the tail end effect of the major construction contracts and subdued consumer demand in the local property market. As a result, the segmental profit before tax deteriorated by RM3.0 million to RM1.3 million in 2018 as compared to RM4.3 million in 2017.

3) Direct Selling and Retail segment

The Direct Selling and Retail segment involves the marketing of our house brands of ladies undergarment, childcare and maternity products and other consumer products via direct sales as well as in the retail markets locally. This segment started out initially as multi-level marketing. In line with the changes of times, our direct selling approach has been realigned to suit current consumers' tastes, preference and spending behavior. In 2015, our Group introduced e-commerce marketing platform at www.lunavie.com, to penetrate into the younger generation market segment. In addition, our venture into the retail markets created yet another avenue to increase our customer base as well as to promote our house brands to the local market.

The breakdown of Direct Selling and Retail revenue generated by segment is presented as follows:

Segment	2018 RM'000	%
Direct Selling	3,180	81.1
Retail	741	18.9
Total	3,921	100



BUSINESS SEGMENTS *(continued)*

3) Direct Selling and Retail segment *(continued)*

The revenue for the Direct Selling and Retail segment increased by RM0.5 million or 13.8% in 2018 as compared to the previous financial year. The increase in revenue was mainly derived from overall sales performance. In line with the higher revenue and write back of inventory, the profit before tax for the Direct Selling and Retail segment improved by RM1.0 million to RM0.8 million in 2018 from loss before tax of RM0.2 million in 2017.

4) Recreational and Hospitality segment

This segment involves the operation of an 18 holes golf course situated at Lower Perak region. In 2013, our Group acquired a 51% equity interest in Omni Green Sdn. Bhd., which holds a long term management lease for operation of the golf course for a period of 20 years with an option to renew for another 10 years, subject to further terms and conditions.

During the financial year under review, this segment contributed a total revenue of RM0.6 million (2017: RM0.5 million), representing 0.6% (2017: 0.4%) of the Group's revenue. As compared to the previous financial year, in the absence of impairment of property, plant and equipment, coupled with the lower depreciation charges and operating expenses, loss before taxation improved by RM0.7 million to RM0.1 million loss in 2018 from RM0.8 million loss in 2017.

LIQUIDITY AND CAPITAL RESOURCES

Despite all the business challenges, the Group's total borrowings decreased from RM23.6 million in 2017 to RM23.1 million in 2018. The decrease was due to some repayment of existing credit facilities. Overall, our Group's gearing ratio improved slightly to 0.26 times in 2018 as compared to 0.27 times in 2017. Further details of our Group's financial position are listed on the financial highlights on page 11 to 12 of the Annual Report.

As at the current financial year end, our Group recorded a marginal drop in net current assets to RM67.7 million, from RM68.3 million reported as at the previous financial year end.

Our Group's trade and other receivables as at 31 March 2018 was RM37.4 million, a decrease of RM4.8 million as compared to RM42.2 million in 2017. The decrease was due to improved collections from our receivables, in particular our trade receivables from the Property and Construction segment.

As at 31 March 2018, our Group's trade and other payables decreased by RM4.6 million to RM29.7 million from RM34.3 million. This decrease was mainly due to payment of trade and other payables during the financial year.



POTENTIAL RISKS

As our Group is principally involved in the manufacturing and trading of ladies undergarments products and property development and construction, our Group is subject to certain risks inherent in the nature of these businesses. The recent change of Malaysian Government coupled with the anticipated global trade war have intensified the potential business risks.

These risks, inter-alia, include:

- (i) pressure on cost of labour and raw materials;
- (ii) constraints in the supply of labour and raw materials;
- (iii) changes in consumers' preferences and tastes;
- (iv) competition from overseas players;
- (v) changes in the regulatory, economic and business conditions; and
- (vi) financial risks such as credit, foreign currency volatility, interest rate and liquidity.

Our Group strives to manage these risks through, amongst others, continuous review and evaluation of our operations and strategies and prudent business policies. Operational efficiency and effectiveness are key areas which our Group emphasises to improve its financial performance.

FORWARD-LOOKING STATEMENT

For labour-intensive Manufacturing segment, our Group will strive to improve our manufacturing capacity and remain competitive by engaging more overseas sub-contractors particularly in Myanmar and Bangladesh, in an effort to mitigate the increasing labour cost and also taking advantage of export incentives granted by importing countries for goods produced in these countries. On the other hand, our 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.

In the midst of uncertainties, the Property Development and Construction segment is expected to remain 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, our Management is in the midst of launching affordable residential houses in Tapah Road, Perak. We believe the affordable prices for our residential and commercial units are still attractive despite the slowdown in property sector.



FORWARD-LOOKING STATEMENT *(continued)*

For the Direct Selling and Retail segment, the revenue contribution remains resilient in the financial year ended 31 March 2018 with year on year improvement of 13.8% as compared to 2017. This improvement in revenue augurs favourably for our Group over the immediate short term. Our 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 on 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 the World Bank has raised its forecast for Malaysian's 2018 economic growth to 5.4% from 5.0% as projected previously, we expects the direct selling and retailing business to improve further in the years to come.

For the Recreational and Hospitality segment, our Management has put in extra efforts to achieve breakeven in the near future, as prolonged losses had dragged down our Group's profitability. Sustainable cost control steps and measures are being implemented and this has contributed to the overall improvement in this segment. In addition, the on-going construction of West Coast Expressway which will connect Taiping in Perak to Banting in Selangor will further improve the overall accessibility to our golf course.

DIVIDEND

Our Board has recommended a single tier tax exempt final dividend of RM0.01 per ordinary share for the financial year ended 31 March 2018 which is pending approval from our shareholders at the forthcoming Annual General Meeting. Our Group will strive to ensure our shareholders continue to benefit from the dividend payout balanced with sustainable long term growth of our Group.





CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Caely Holdings Bhd. ("the Company") is pleased to provide an overview of the Company's corporate governance practices during the financial year ended 31 March 2018 with reference to the 3 key Principles as set out in the Malaysian Code on Corporate Governance 2017 ("the Code"). The Company's application of each Practice set out in MCCG 2017 during the financial year 2018 is disclosed in the Company's Corporate Governance Report ("CG Report") which is available on the Company's website at www.caelyholdings.com as well as via the Company's announcement made to Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board remains committed to high standards of corporate governance driven by the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and its subsidiaries ("the Group").

The 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 evaluates and continues to reinforce the existing corporate governance practices in order to remain relevant with the developments in market practice and regulations.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1 Board Responsibilities

Roles and Responsibilities of the Board

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

1 Board Responsibilities *(continued)*

Roles and Responsibilities of the Board *(continued)*

The Board assumes the following duties 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.

To facilitate the discharge of the Board's responsibilities and duties, The Board is assisted by various Board Committees namely Risk Management and Audit Committee, Nomination Committee and Remuneration Committee, which have been established under their respective terms of reference as approved by the Board. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the Board Committees and the tabling of minutes of the Board Committee meeting at Board meetings. The ultimate responsibility for decision-making, however, lies with the Board.

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

1 Board Responsibilities *(continued)*

Role of Executive Chairperson, Managing Director and Independent Directors

The positions of Executive Chairperson and Managing Director are held by two different individuals with clear separation of duties defined in the Board Charter to ensure balance of power and authority. Presently, the Company does not have a Chief Executive Officer.

The Executive Chairperson is involved in the operations of the manufacturing and sale of the undergarments division and 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 Independent Non-Executive Directors are person of high calibre and credibility. They provide professional and independent views, expertise and judgement in exercising their duties and responsibilities. This provides as a check-and-balance mechanism in the execution of the Board's functions, as all the Board's decisions are made on consensus.

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 at least half of the Board. This provides assurance of proper balance of power and authority in the governance of the Board and the Company.

Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries from Symphony Corporatehouse Sdn. Bhd., The Board has unrestricted access to the advice and services of 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

1 Board Responsibilities *(continued)*

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 Secretaries and independent professional advisers whenever deemed necessary at the Company's expense.

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.

During the financial year ended 31 March 2018, the number of Board meeting held and attendance of each Director are as follows:

Director	Number of Meetings Attended
Datin Fong Nyok Yoon (Non-Independent Executive Chairperson)	4/5
Dato' Chuah Chin Lai (Non-Independent Executive Director)	5/5
Siow Hock Lee (Independent Non-Executive Director)	5/5
Ooi Say Teik (Independent Non-Executive Director)	5/5
Hem Kan @ Chan Hong Kee (Independent Non-Executive Director)	5/5
Lai Kian Huat æ (Non-Independent Non-Executive Director)	-

æ - Appointed on 16 April 2018



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

1 Board Responsibilities *(continued)*

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.

Formalised Ethical Standards through Code of Conduct and Whistleblowing Policy

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.

2 Composition of the Board

Composition and Independence of the Board

Presently, the Board consists of two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. This composition fulfils under the Bursa Securities Listing Requirements, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. It also complies with the Code that at least half of the Board are independent. In addition, the Company shall fill the vacancy of directors within three (3) months in the event of any vacancy in the Board of Directors, resulting in non-compliance with the main LR of Bursa Securities.

Collectively, the Directors have a good combination of experience as well as skills and knowledge in accounting, finance, law and general management. Their profiles can be found in the Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

2 Composition of the Board *(continued)*

Composition and Independence of the Board *(continued)*

In addition, All Directors shall seek 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;
- 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.

Annual Assessment of Independence

The Board, through its Nomination Committee, assesses the independence of the Independent Directors annually. Such assessment is to ensure that the Independent Directors would bring independent and objective judgement 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 2018, the Nomination Committee 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.

Tenure of Independent Directors

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, Mr. Siow Hock Lee, Mr. Ooi Say Teik and Mr. Hem Kan @ Chan Hong Kee were appointed as the Independent Non-Executive Directors on 5 June 2003 and have served the Board for more than twelve (12) years. Annual shareholders' approval were obtained for them to continue to act as the Independent Non-Executive Directors of the Company since 2013.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

2 Composition of the Board *(continued)*

Tenure of Independent Directors *(continued)*

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. Based on the justifications outlined above, the Company will seek shareholders' approval at the forthcoming Annual General Meeting for all of them to continue as Independent Directors of the Company.

Pursuant to Practice 4.2 of the Code, the Board shall annually seek shareholders' approval through two-tier voting process if the Board continues to retain the Independent Directors after the twelfth (12th) year. In view of this, the Nomination Committee and the Board, have determined at the annual performance evaluation and assessment of all the three (3) Independent Directors that Mr. Siow Hock Lee, Mr. Ooi Say Teik and Mr. Hem Kam @ Chan Hong Kee shall remain and continue to act as Independent Non-Executive Directors of the Company and will seek shareholders' approval in the two-tier voting process at the forthcoming Annual General Meeting.

Recruitment and Appointment of Directors

The Nomination Committee ("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 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.

Currently, 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.

The Board is also supportive of gender diversity in the boardroom as the government's initiatives to increase women representatives in the corporate world. The Board will endeavor to ensure greater diversity will be taken into consideration in nominating and appointing new directors to the Board. Currently, the Chairperson remains the sole female representative in the Board.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

2 Composition of the Board *(continued)*

Nominating Committee

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

Name of NC Members	Number of Meetings Attended
Hem Kan @ Chan Hong Kee (Chairman)	2/2
Siow Hock Lee	2/2
Ooi Say Teik	2/2

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

Annual Assessment of Directors

The Nomination Committee ("NC") reviews annually the required mix of skills and experience of Directors, including core competencies which the Directors should bring to the Board. 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 summary of assessment and comments by each individual Director are tabled to the NC and reported 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.

Directors' Training

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

2 Composition of the Board *(continued)*

Directors' Training *(continued)*

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.

During the financial year ended 31 March 2018, all Directors have attended training programmes as summarised below:

Directors	Seminar / Training Programmes Attended
Datin Fong Nyok Yoon	– Seminar on Custom-Trade Partnership Against Terrorism by Malaysian Textile and Apparel Centre
Dato' Chuah Chin Lai	– Seminar on Custom-Trade Partnership Against Terrorism by Malaysian Textile and Apparel Centre
Siow Hock Lee	– Seminar on measuring the fair value of financial and non-financial assets – AOB conversation with Auditors of Public Interest Entities and Scheme Funds – Changes Affecting Directors Under the Companies Act, 2016 : What Every Director Needs to Know – Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers – Updates on Companies Act, 2016
Ooi Say Teik	– New Companies Act, 2016 : Impact and Compliance of New Laws & Regulations under the Companies Act, 2016 in Malaysia
Hem Kan @ Chan Hong Kee	– Seminar on Custom-Trade Partnership Against Terrorism by Malaysian Textile and Apparel Centre
Lai Kian Huat	– Changes Affecting Directors Under the Companies Act, 2016 : What Every Director Needs to Know

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

3 Remuneration Policies and Remuneration of Directors and Senior Management

Remuneration

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

Name of RC Members	Number of Meetings Attended
Ooi Say Teik (Chairman)	2/2
Siow Hock Lee	2/2
Datin Fong Nyok Yoon	2/2

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 OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVNESS (continued)

3 Remuneration Policies and Remuneration of Directors and Senior Management (continued)

Remuneration (continued)

Details of the Directors and Senior Management's Remuneration for the financial year ended 31 March 2018 are as follows:-

	Fees RM	Salaries, bonus and other emoluments RM	Allowance RM	Benefits in kind RM	Total RM
The Company					
Directors					
Datin Fong Nyok Yoon	62,675	-	2,500	-	65,175
Dato' Chuah Chin Lai	62,675	-	1,500	-	64,175
Siow Hock Lee	57,500	-	2,500	-	60,000
Ooi Say Teik	28,750	-	2,500	-	31,250
Hem Kan @ Chan Hong Kee	28,750	-	1,500	-	30,250
Total	240,350	-	10,500	-	250,850

	Fees RM	Salaries, bonus and other emoluments* RM	Allowance RM	Benefits in kind RM	Total RM
The Group					
Directors					
Datin Fong Nyok Yoon	62,675	519,248	2,500	18,000	602,423
Dato' Chuah Chin Lai	62,675	415,587	1,500	600	480,362
Siow Hock Lee	57,500	-	2,500	-	60,000
Ooi Say Teik	28,750	-	2,500	-	31,250
Hem Kan @ Chan Hong Kee	28,750	-	1,500	-	30,250
Senior Management					
Chuah Lim Tai	-	131,000	-	-	131,000
Total	240,350	1,065,835	10,500	18,600	1,335,285

* Inclusive of defined contribution plan



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1 Risk Management and Audit Committee

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 assists the Board in overseeing the financial reporting of the Group by reviewing the quarterly financial reports and Annual Financial Statements for consistency and appropriateness of the applicable accounting standards and requirements of Companies Act, 2016 and for reasonableness and prudence in making estimates, statements and explanations, prior to recommending them for approval by the Board and issuance to shareholders.

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

The Risk Management and Audit Committee Report is set out on pages 41 to 47 of this Annual Report.

2 External Auditors

The Group has established a good working relationship with the External Auditors, Messrs PricewaterhouseCoopers PLT. 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 2018, the External Auditors have met twice (2) 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 pages 44 to 45 of the Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *(continued)*

3 Risk Management and Internal Control Framework

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.

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 2018, 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 Audit and Risk Management Committee.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTINUED)*

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

1 Communication with Stakeholders

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.

2 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 Securities such as the quarterly interim financial results, annual reports and, if appropriate, circulars and press releases.

Besides the mandatory announcements to Bursa Securities, 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.

3 Conduct of 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.

4 Encourage Poll Voting

Pursuant to Paragraph 8.29(A) of the Bursa Securities 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.

5 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 OVERVIEW STATEMENT *(CONTINUED)*

KEY FOCUS AREAS AND FUTURE PRIORITIES

Moving forward, the Board will accordingly continue to implement improvement measures in the area of corporate governance. More specifically, the Board has identified the following forward-looking agenda items to propel the Group forward in its corporate governance objectives.

- 1 To focus on major strategic issues to ensure sustainability and growth;
- 2 To leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting. The Board will set the direction for Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. The Group will also actively engage stakeholders to formalize a better understanding of what is expected and desired from its sustainability reporting;
- 3 To continue monitoring succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management; and
- 4 To ensure that the Company's website is updated with the latest developments on the Group and users are able to easily navigate through the website. The Company will endeavor to harness technological advancements to improve the efficiency at which the general meetings are run and to pave the way for remote shareholders' participation.



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

In compliance with the Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2017 ("the Code"), the Board of Directors is pleased to present the Audit and Risk Management Committee Report which lays out the activities held for the financial year ended 31 March 2018.

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.



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

2 Composition *(continued)*

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.

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.



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

5 Attendance at meetings

During the financial year ended 31 March 2018, the RMAC held five (5) meetings in the presence of the Company Secretary. The Executive Directors 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 the 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	5/5

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.



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Duties and responsibilities *(continued)*

(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.
- (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 2017, 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



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Duties and responsibilities *(continued)*

(c) External Audit *(continued)*

- (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.

(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.



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

TERMS OF REFERENCE *(continued)*

Duties and responsibilities *(continued)*

(f) Other Matters *(continued)*

- (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.

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;



RISK MANAGEMENT AND AUDIT COMMITTEE REPORT *(CONTINUED)*

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *(continued)*

- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with Best Practices set under the Code;
- 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; and
- Reported to the Board major events covered by the RMAC and make recommendations to the Board and management concerning these matters.

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:-

- Follow up audits on controls and procedures relating to project management, sales administration, bank reconciliation approval, and debtors monitoring and recoverability.
- Evaluation of the effective controls in Project Budget Monitoring covering review of relevant policies and procedures, preparation and approval of project budgets, actual and budget cost monitoring, updating and revising budget and budget reporting process;
- Evaluation of the effective controls in Project Management covering review of relevant policies and procedures, execution of contracts, project budget monitoring, project monitoring and meetings and contractors and consultants' progress claim and payments;
- Evaluation of the effective controls in Finance Management of head office covering review of relevant policies and procedures, execution of budget, bank reconciliation, journal entries and adjustments, data security, month end closing process and corporate reporting procedure;

The total cost incurred for the internal audit reviews performed by the professional services firm to the Group in respect of the financial year ended 31 March 2018 amounted to RM46,357.

Further details on the internal audit are set out in the Statement on Risk Management and Internal Control of this Annual Report.



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 ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code of Corporate Governance 2017 ("the Code") 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 (Malaysia) Sdn. Bhd. to review and evaluate the internal control system of the Group and to report directly to the Risk Management and Audit Committee its internal audit findings.

The person-in-charge for providing outsourced internal audit services to the Group for the financial year ended 31 March 2018 is Mr. Jaymes Foo. He has over 16 years of experience in internal audit. The outsourced internal auditors are free from any relationship or conflict of interest, which could impair their objectivity and independence.

Details of the outsourced internal auditors that performed the internal audit works for the financial year ended 31 March 2018 are as follows:

Name	Qualification
Jaymes Foo (Associate Director)	Association of Chartered Certified Accountants Professional Member, Institute of Internal Auditors Malaysia
Lim Liang Yan (Manager)	Bachelor of Commerce (Hons) Accounting
Pattelyn Lee (Senior Consultant)	Bachelor of Engineering (Hons) in Chemical Engineering Master of Business Administration (MBA) Associate Member, Institute of Internal Auditors Malaysia
Lim Mei Kuan (Associate Consultant)	Bachelor of Science (Hons) in Financial Mathematics

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. In undertaking its internal audit reviews, RSM has made reference to the International Professional Practices Framework (IPPF), a conceptual framework that organizes authoritative guidance promulgated by the institute of Internal Auditors (IIA).

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. The cost of internal audit function for the financial year ended 31 March 2018 was approximately RM46,357 which included expenses.



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

4 INTERNAL AUDIT FUNCTIONS *(continued)*

A description of the internal audit functions and activities of the internal auditors during the financial year ended 31 March 2018 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.
- 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 to 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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

6 REVIEW BY EXTERNAL AUDITORS

As required by 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 Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 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 resolution of the Board passed on 26 July 2018.



CORPORATE SUSTAINABILITY STATEMENT

INTRODUCTION

Sustainability has always been a part and parcel of the Group's culture as we strive to achieve continual financial performance and uninterrupted growth. Recognising the relevance of sustainability in our business values, our statement on sustainability aims to illustrate our strategic approach to address sustainability challenges in contributing towards the betterment of the business, environment and society. We began our identification and information gathering phase on a general level, in the broad categories of economic, environmental and social factors to help us understand our position and to what extent efforts have been taken towards sustainability. We have also determined areas considered material to the Group in order to identify further potential initiatives towards addressing sustainability risks and implementing sustainability opportunities.

As we progress along the journey of sustainability, the Group aims to progressively improve its reporting on sustainability practices. This year is the first year the Group is having a formal sustainability statement disclosing our sustainability strategy which is in line with regulatory requirements and best practices.

ECONOMIC

The Group is principally involved in the business of manufacturing, retail, export and direct sales of undergarments, household products and property development and construction. The Group aims to maintain a sustainable business to continue its contribution to Malaysia's economic development. Through its businesses, the Group created employment opportunities for the Malaysian people.

The Group is Malaysia's leading undergarments manufacturer, catering to both local and export markets under its own brand as well as other OEM brands. We are also active in the property development segment, focusing on small to mid-scale residential development, and have built residential developments for the well-beings of the local community. We also aim to create the best value for our business through delivery of quality products and services at the most competitive pricing. The Group continuously review its position to meet and manage the ever-changing market trends and consumer demands.

Economic Performance

The economic performance and measures to ensure the economic sustainability of the Group are elaborated in the Management Discussion & Analysis section as set out on pages 18 to 25 of this Annual Report.



CORPORATE SUSTAINABILITY STATEMENT *(CONTINUED)*

Procurement Practices

We are one of the largest manufacturers and exporters of lingerie in Malaysia. Commencing operations in 1988 with just a handful of skilled staff on a rented premises, we now have more than 1,000 staff in our own production complex on a 7 ½ acres site, located at Teluk Intan, Perak. With our modern manufacturing facilities coupled with high creativity on designs and styling, computerized pattern and marker systems, we believe we have the competitive edge over other lingerie manufacturers.

Lingerie manufacturing calls for products with innovative designs. With this in mind, we consider sourcing of fabric materials as an important aspect of our business process. The components and fabrics are sourced from a healthy mix of local and overseas suppliers. The Group acknowledges the contribution of its local suppliers and are supportive of them. Procuring locally enables the Group to contribute to the local economy. Local suppliers which meets the required standards provides us with materials that are essential in producing high quality undergarments. Our continuous improvement on our sourcing of raw material will create more value added features to our customers.

For our property development and construction segment, in order to encourage the development of the local economy the Group's strategy is to procure materials locally. By having a majority of our suppliers being locally based, this will in turn help build the local economy.

Direct Economic Value

The demand for textile and apparel is expected to further increase, mainly driven by the increasing demand in the global market for high quality textiles and clothing from Malaysia, as well as the purchasing power in major importing countries, namely the US, the EU countries, and Canada. To cater to these demand requires manpower and staffing. Our manufacturing facility has enabled us to provide local employment opportunities in Teluk Intan, Perak.

The growth of the Group has contributed to the employment of the local communities whereby some employees has been with the Group for close to 30 over years. The Group works towards instilling a culture of well-being, enabling them to grow and prosper with the Group. Our employees are offered competitive salaries and benefits coupled with a conducive working environment.

ENVIRONMENTAL

The Group remains steadfast in our commitment to sustainable development and seeks to operate in a way that minimises environmental harm. We seek to uphold environmental concerns with emphasis on application of new technologies and industry best practices that are environmentally friendly, optimise the use of resources and promote energy efficiency.

Being involved in property development as well, the Group is mindful that its operations will have direct impact on the environment. As such, the Group integrates environmental concerns within its operations and practices at different levels of the organisation. The Group also ensures that there are sufficient measures at all its construction sites and workplaces to prevent any adverse impact on its people and the environment.



Energy

We have implemented the "switching-off centralised air-conditioning in offices during lunch hour break" policy for energy savings. We also encourage our employees to adopt an energy-savvy behaviour such as switching off the lights and other electrical equipment during lunch time and when they are not in the office. Besides, we encourage our employees to suggest energy and resource-saving initiatives.

Material and Waste

In our office, recycled paper is used for photocopying, while A4 papers, envelope, letterheads, soft and hard cover files are reused and recycled. The use of emails and other forms of electronic communications minimises the use of paper, thus reducing the amount of waste generated. Employees are encouraged to re-use envelopes, papers and carton boxes, as much as possible.

The Group also complies strictly with the rules and directives set by the authorities with regards to environmental safety and protection. On the project site, we have extended the life-cycle of the scaffolding by reusing them in other projects. Besides installing silt traps to minimise site pollution, all unwanted wastes, materials and by-products resulting from construction sites are either recycled or disposed to designated disposal sites timely and efficiently to avoid daily disruption to the community.

SOCIAL

A sustainable business is one that enriches its people and the communities which they operate in. We actively organise activities to promote a healthy lifestyle for employees while we celebrate all festivities and foster relationship amongst employees during our annual dinners and families' day events. We reach out to society via our philanthropic and corporate social responsibility activities, aimed at the less fortunate where we can make a difference and our employees can participate to give back and enrich themselves in the process.

The Group's corporate social responsibility activities are continuously guided by its firm beliefs that it can contribute positively to our society as a caring and responsible corporate entity. To this end, the Group is proud to set up CaelyCare to discharge its corporate social responsibility.

As a caring corporate entity, the Group has always adapted 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.



Supply Chain

The Group is committed to ensure that all its activities will not have a significant impact on the environment. Being an exporter, the Group's manufacturing segment has to comply with the stringent requirements of our overseas buyer that the raw materials used are free from harmful substances and are tested in accordance to Oeko-Tex 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 compliance to the Standard is a testament to our continuous improvement in sustainability efforts highlighted above.

On our property and construction segment, suppliers and contractors are carefully selected by a pre-qualification screening, a thorough assessment of their credentials, call tenders exercise, and follow-up meetings and interviews.

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.

Trainings

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.

Occupational Safety and Health

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, CPR, orderly evacuation procedures and other hazard preventive measures.



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 and financial performance of the Group and of the Company as at 31 March 2018 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 Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standard Board ("MASB") in Malaysia.

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.



FINANCIAL STATEMENTS



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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

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
Lai Kian Huat (appointed on 16 April 2018)

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'000	COMPANY RM'000
Net profit/(loss) for the financial year attributable to:		
- Owners of the Company	1,380	(700)
- Non-controlling interests	(65)	0
Net profit for the financial year	1,315	(700)

RESERVES AND PROVISIONS

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

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 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 as shown under the Directors' Remuneration section below) by reason of a contract made by the Company or by a related corporation with the director or with a firm of which the director is a member, or with a company in which the directors have a substantial financial interest.



DIVIDENDS

Dividend declared and paid by the Company since 31 March 2017 is as follows:

RM'000

In respect of the financial year ended 31 March 2017:

- Final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares, paid on 26 October 2017

800

In respect of the financial year ended 31 March 2018, 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.

DIRECTORS' INTERESTS

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			As at 31.3.2018
	As at 1.4.2017	Acquired	Disposed	
Caely Holdings Bhd. (The Company)				
Direct interest				
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				
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 2018, 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 of the Group and of the Company are set out in Note 9 to the financial statements.



INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a liability insurance which provide appropriate insurance cover for the directors and officers of the Company and its subsidiaries.

No other indemnities have been given or insurance premium paid by the Company and its subsidiaries, during or since the end of the financial year, for any person who is or has been director, officer and auditors of the Company and its subsidiaries.

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 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 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 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.



OTHER STATUTORY INFORMATION (CONTINUED)

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 other than the subsequent event as disclosed in Note 38 to the financial statements.

SUBSIDIARIES

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

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act, 2016, the list of directors of the subsidiaries during the financial year and up to the date of this report and statement is as follows:

Phang Ah Seng
Lean Ah Too

AUDITORS

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 26 July 2018. 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



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 accompanying financial statements set out on pages 71 to 164 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 2018 and the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 July 2018.

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 71 to 164 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 26 July 2018.

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 2018, 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 of the Group and of the Company as at 31 March 2018, 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 71 to 164.

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 for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group 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
<u>Revenue and costs recognition of Property Development and Construction Contracts</u> Refer to Note 4(h) and Note 4(i) - Significant accounting policies, Note 5 - Critical accounting estimates and judgements, Note 7 - Revenue and Note 8 - Cost of Sales. 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
<u>Revenue and costs recognition of Property Development and Construction Contracts (continued)</u> Property development and construction contracts accounting is inherently complex and we focused on this area because there are significant estimates involved in the determination of: - stage of completion; - extent of property development and construction costs incurred to date and estimated costs to completion; and - status of variation orders and claims with customers.	• We checked 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 have been properly updated. • We had discussions with management to understand the nature of variation orders and checked to supporting documents for claims recognised as revenue. • 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.
<u>Impairment assessments of property, plant and equipment and property development costs of the Group</u> Refer to Note 5 – Critical accounting estimates and judgements, Note 14 – Property, plant and equipment and Note 20 – Property development costs. The Group has property, plant and equipment and property development costs with aggregate carrying amounts of approximately RM25,256,000 and RM42,175,000 respectively as at 31 March 2018.	Our procedures performed in relation to management's impairment assessments comprised the following: • Checked the appropriateness of management's identification of CGUs; • Assessed the reliability of management's forecast by comparing past trends of actual financial performances against previous forecasted results;



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
<u>Impairment assessments of property, plant and equipment and property development costs of the Group (continued)</u> Management carried out impairment assessments on the Group's property, plant and equipment and property development costs as a result of the existence of an impairment indicator as the Group's market capitalisation value is below the total carrying amount of its net assets. FRS 136 requires impairment assessment to be carried out at the lowest level of identifiable cash generating units (CGUs). We focused on the impairment assessments of the CGUs with material property, plant and equipment and property development costs balances, which are held by the subsidiaries of the Company, namely Caely (M) Sdn. Bhd., Classita (M) Sdn. Bhd. and Marywah Industries (M) Sdn. Bhd. We focused on this area as the value in use computations for impairment assessments performed by management involved significant estimates and assumptions on the revenue cash flow forecasts such as the revenue growth rates for the 5-year detailed forecast period and long term growth rates used for the remaining forecast periods based on the remaining useful lives of the principal assets used in the CGUs and discount rates used. Based on the impairment assessments performed by management, no impairment was considered necessary.	• Compared the 5-year detailed cash flow projections to business plans approved by the Board of Directors; • Compared the key assumptions used by management in the value in use calculations, in particular, revenue growth rates in the 5-year detailed forecast period to historical results; • Checked the overall gross profit margins to historical margins achieved by the related entities; • Compared the long term growth rates to industry data and checked that the long term growth rates are within the range of historical annual growth rates; • Compared the discount rates used to comparable industry rates in which the CGUs operate; and • Checked the sensitivity analysis on revenue growth rates, long term growth rates and discount rates to evaluate the impact on the impairment assessments. Based on the procedures performed, the results of management's impairment assessments are consistent with the outcome of our procedures.

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, Financial Highlights, Management Discussion And Analysis, Corporate Governance Overview Statement, Risk Management and Audit Committee Report, Statement on Risk Management and Internal Control, List of Properties and other contents included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of 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 intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 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 or the Company to cease to continue as a going concern.
- (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.



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)

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 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 PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

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

26 July 2018

LOH LAY CHOON
02497/03/2020 J
Chartered Accountant



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	7	97,946	119,130	0	4,500
Cost of sales	8	(82,196)	(99,476)	0	0
Gross profit		15,750	19,654	0	4,500
Other operating income		1,978	4,012	295	1,866
Selling and distribution costs		(2,610)	(3,581)	0	0
Administrative expenses		(11,305)	(12,073)	(779)	(574)
Other operating expenses		(18)	0	(155)	(842)
Profit/(Loss) from operations	9	3,795	8,012	(639)	4,950
Finance cost	10	(1,532)	(830)	0	(445)
Profit/(Loss) before tax		2,263	7,182	(639)	4,505
Tax expense	11	(948)	(2,080)	(61)	(305)
Net profit/(loss) for the financial year		1,315	5,102	(700)	4,200
Other comprehensive income for the financial year, net of tax		0	0	0	0
Total comprehensive income/(loss) for the financial year		1,315	5,102	(700)	4,200
Net profit/(loss) for the financial year attributable to:					
- owners of the Company		1,380	5,515	(700)	4,200
- non-controlling interests		(65)	(413)	0	0
Net profit/(loss) for the financial year		1,315	5,102	(700)	4,200
Total comprehensive income/(loss) attributable to:					
- owners of the Company		1,380	5,515	(700)	4,200
- non-controlling interests		(65)	(413)	0	0
Total comprehensive income/(loss) for the financial year		1,315	5,102	(700)	4,200
Earnings per share (sen)					
Basic/diluted	12	1.73	6.89		

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	2018 RM'000	2017 RM'000
ASSETS			
Non current assets			
Property, plant and equipment	14	25,256	25,267
Investment property	15	4,100	4,100
Deferred tax assets	18	749	1,093
		30,105	30,460
Current assets			
Property development costs	20	42,175	55,988
Inventories	21	25,898	15,107
Receivables, deposits and prepayments	19	37,395	42,238
Current tax recoverable		2,380	459
Marketable securities	22	17	598
Derivative financial instruments	23	0	6
Deposits with licensed banks	24	3,955	3,841
Bank and cash balances	25	1,040	1,122
		112,860	119,359
Total assets		142,965	149,819
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	49,419	49,419
Other reserves	27	10,301	10,301
Retained profits	28	28,920	28,340
		88,640	88,060
Non-controlling interests		(1,026)	(961)
Total equity		87,614	87,099



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018 (CONTINUED)

	Note	2018 RM'000	2017 RM'000
LIABILITIES			
Non current liabilities			
Hire-purchase creditors	29	259	360
Term loans	30	9,028	10,319
Deferred tax liabilities	18	874	1,009
		10,161	11,688
Current liabilities			
Payables and accrued liabilities	31	29,702	34,266
Provisions	32	1,686	3,112
Current tax payable		0	719
Hire-purchase creditors	29	100	125
Term loans	30	1,303	1,289
Short term bank borrowings			
- bank overdrafts	33	10,164	8,934
- others	33	2,235	2,587
		45,190	51,032
Total liabilities		55,351	62,720
Total equity and liabilities		142,965	149,819

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



COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	2018 RM'000	2017 RM'000
ASSETS			
Non current assets			
Property, plant and equipment	14	113	131
Investment property	15	4,100	4,100
Investments in subsidiaries	16	61,554	61,554
Deferred tax assets	18	0	9
Receivables, deposits and prepayments	19	29,875	29,648
		95,642	95,442
Current assets			
Receivables, deposits and prepayments	19	6,029	6,025
Current tax recoverable		169	0
Marketable securities	22	17	598
Cash and bank balances	25	9	222
		6,224	6,845
Total assets		101,866	102,287
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	49,419	49,419
Other reserves	27	1,852	1,852
Retained profits	28	37,199	38,699
Total equity		88,470	89,970
LIABILITIES			
Non current liabilities			
Deferred tax liabilities	18	165	140
		165	140
Current liabilities			
Payables and accrued liabilities	31	13,231	12,131
Current tax payable		0	46
		13,231	12,177
Total liabilities		13,396	12,317
Total equity and liabilities		101,866	102,287

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Attributable to owners of the Company							
	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2017	49,419	0	81	10,220	28,340	88,060	(961)	87,099
<u>Total comprehensive income</u>								
Net profit for the financial year	0	0	0	0	1,380	1,380	(65)	1,315
<u>Transactions with owners</u>								
Dividend for the financial year ended 31 March 2017 (Note 13)	0	0	0	0	(800)	(800)	0	(800)
At 31 March 2018	49,419	0	81	10,220	28,920	88,640	(1,026)	87,614



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
At 1 April 2016	40,000	9,419	81	10,220	23,625	83,345	(548)	82,797
<u>Total comprehensive income</u>								
Net profit for the financial year	0	0	0	0	5,515	5,515	(413)	5,102
<u>Transactions with owners</u>								
Dividend for the financial year ended 31 March 2016 (Note 13)	0	0	0	0	(800)	(800)	0	(800)
Transition to no-par value regime on 31 March 2017 (Note 26)	9,419	(9,419)	0	0	0	0	0	0
At 31 March 2017	49,419	0	81	10,220	28,340	88,060	(961)	87,099

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



COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 April 2017	49,419	0	1,852	38,699	89,970
<u>Total comprehensive loss</u>					
Net loss for the financial year	0	0	0	(700)	(700)
<u>Transaction with owners</u>					
Dividend for the financial year ended 31 March 2017 (Note 13)	0	0	0	(800)	(800)
At 31 March 2018	49,419	0	1,852	37,199	88,470
At 1 April 2016	40,000	9,419	1,852	35,299	86,570
<u>Total comprehensive income</u>					
Net profit for the financial year	0	0	0	4,200	4,200
<u>Transaction with owners</u>					
Dividend for the financial year ended 31 March 2016 (Note 13)	0	0	0	(800)	(800)
Transition to no-par value regime on 31 March 2017 (Note 26)	9,419	(9,419)	0	0	0
At 31 March 2017	49,419	0	1,852	38,699	89,970

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



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the financial year	1,315	5,102	(700)	4,200
Adjustments for:				
Property, plant and equipment				
- depreciation	1,035	1,173	18	18
- gains on disposals	(2)	(51)	0	0
- write off	0	3	0	0
- impairment charge	0	464	0	0
Fair value gain on revaluation of investment property	0	(100)	0	(100)
Impairment charge on investment in a subsidiary	0	0	0	250
Allowance for doubtful debts				
- charge for the financial year	6	120	137	592
- write back	(8)	(157)	0	0
Liquidated damages receivable from contractors	0	(1,270)	0	0
Provision for liquidated damages	641	1,902	0	0
Interest expense	1,523	811	0	445
Interest income	(124)	(159)	(1)	(1,325)
Gross dividend income from marketable securities	(4)	(21)	(4)	(21)
Fair value losses/(gains) on marketable securities	18	(114)	18	(114)
Gains on disposals of marketable securities	(6)	(15)	(6)	(15)
Fair value (gains)/losses on derivative financial instruments	0	(6)	0	0
Gross dividend income from a subsidiary	0	0	0	(4,500)
Net unrealised foreign exchange (gains)/losses	(51)	100	0	0
Tax expense	948	2,080	61	305
	5,291	9,862	(477)	(265)
Net movements in working capital:				
Inventories	(10,791)	136	0	0
Property development costs	13,930	(4,047)	0	0
Receivables	4,904	7,403	(4)	*
Payables	(6,879)	(3,878)	(51)	51
Cash flows from/(used in) operations	6,455	9,476	(532)	(214)
Liquidated damages and compensation paid (Note 32)	(2,132)	(532)	0	0
Interest paid	(1,698)	(2,553)	0	0
Tax paid	(3,389)	(2,430)	(242)	(470)
Tax refund	10	0	0	0
Net operating cash flow	(754)	3,961	(774)	(684)



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment (Note 14)	(1,018)	(710)	0	0
Proceeds from disposals of property, plant and equipment	0	42	0	0
Interest income received	10	52	1	2
Cash advanced to subsidiaries	0	0	(502)	(136)
Cash repaid from subsidiaries	0	0	138	680
Marketable securities				
- proceeds from disposals	569	115	569	115
- dividend received	4	21	4	21
Net investing cash flow	(435)	(480)	210	682
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposits released under lien for credit facilities with licensed banks	0	626	0	0
Repayments of short term bank borrowings	(270)	(15)	0	0
Repayments of hire-purchase creditors	(126)	(121)	0	0
Advances received from/(repaid to) a director	2,350	(37)	0	0
Repayments of term loans	(1,277)	(4,168)	0	0
Dividend paid (Note 13)	(800)	(800)	(800)	(800)
Cash advanced from a subsidiary	0	0	1,252	1,085
Cash repaid to a subsidiary	0	0	(101)	(103)
Net financing cash flow	(123)	(4,515)	351	182
Net movement in cash and cash equivalents	(1,312)	(1,034)	(213)	180
Effects of exchange rate changes on cash and cash equivalents	*	(2)	0	0
Cash and cash equivalents at beginning of the financial year	(7,812)	(6,776)	222	42
Cash and cash equivalents at end of the financial year (Note 25)	(9,124)	(7,812)	9	222

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

* Amount less than RM500



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

Reconciliation of financing activities are as follows:

Group

	At 1.4.2017 RM'000	Cash flows (in)/out RM'000	Interest paid RM'000	Interest expenses RM'000	Interest capitalised RM'000	Foreign exchange movement RM'000	At 31.3.2018 RM'000
Financing activities							
Hire-purchase creditors	(485)	126	21	(21)	0	0	(359)
Term loans	(11,608)	1,277	783	(684)	(99)	0	(10,331)
Short term bank borrowings							
- others	(2,587)	270	115	(115)	0	82	(2,235)
Amount owing to a director	0	(2,350)	0	0	0	0	(2,350)
Cash and cash equivalent							
Bank overdrafts	(8,934)	(1,230)	776	(703)	(73)	0	(10,164)
	(23,614)	(1,907)	1,695	(1,523)	(172)	82	(25,439)

Company

	At 1.4.2017 RM'000	Cash advanced from a subsidiary RM'000	Cash repaid to a subsidiary RM'000	At 31.3.2018 RM'000
Financing activities				
Amount owing to a subsidiary	(11,685)	(1,252)	101	(12,836)

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Principal place of business

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 July 2018.

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.

All financial information presented in Ringgit Malaysia has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The Group, includes transitioning entities ("TE"), has elected to continue to apply FRS during the current 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 2018 (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 2017:

- Amendments to FRS 107 "Statement of Cash Flows - Disclosure Initiative"
- Amendments to FRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual Improvements to FRSs 2014-2016 Cycle: FRS 12 "Disclosures of Interests in Other Entities"

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) Standards early adopted by the Group

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



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 2018 as follows:

Financial year beginning 1 April 2018

- MFRS 1 "First-time Adoption of MFRS"

In adopting the new accounting framework by the Group, the Group will apply MFRS 1. MFRS 1 provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

- Amendments to FRS 140 "Clarification 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 meets, 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 clarify 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 Interpretation 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.



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

MFRS 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.

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 in profit or loss, unless this creates an accounting mismatch.

MFRS 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.



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

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018.

The financial assets held by the Group and the Company include marketable securities currently classified as fair value through profit or loss and will remain unchanged. The Group's and the Company's trade and other receivables currently measured at amortised cost meet the conditions for classification at amortised cost under MFRS 9. There will be no impact on the Group's and the Company's accounting for financial liabilities. The de-recognition rules have been transferred from MFRS 139 "Financial Instruments: Recognition and Measurement" and have not been changed. Accordingly, the Group and the Company do not expect the new standard to affect the classification and measurement of these financial assets and liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under FRS 139. It applies to financial assets classified at amortised cost, contract assets under MFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment undertaken, impact to the results of the Group and the Company are not expected to be material.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's and the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for the financial year ended 31 March 2018 will not be restated.



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.

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 of 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.

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.



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)

The Group and the Company have assessed the effects of applying the new standard on the Group's and the Company's financial statements and have identified the following areas that will be affected:

- Accounting for separate performance obligations in relation to property development activities which could affect the timing of revenue recognition and allocation of prices to each performance obligation.
- Accounting and presentation of contract assets and contract liabilities in the statements of financial position.
- Expanded disclosure requirements on disaggregation of revenue into categories that depict the nature, amount, timing and uncertainty of revenue.

The Group will adopt the standard using the full retrospective approach with restatement of comparatives.

Financial year beginning 1 April 2019

- MFRS 16 "Leases" supersedes MFRS 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 MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.



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 2019 (continued)

- IC Interpretation 23 "Uncertainty over Income Tax Treatments" provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures" clarify that an entity should apply MFRS 9 "Financial Instruments" (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

Amendments to MFRS 9 "Prepayment features with negative compensation" allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will be applied retrospectively.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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 2019 (continued)

- Annual Improvements to MFRSs 2015 – 2017 Cycle:
 - Amendments to MFRS 3 "Business Combinations" clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.
 - Amendments to MFRS 11 "Joint Arrangements" clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.
 - Amendments to MFRS 112 "Income Taxes" clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.
 - Amendments to MFRS 123 "Borrowing Costs" clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- Annual Improvements to MFRSs 2015 – 2017 Cycle:
 - Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement" (effective 1 January 2019) requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan. The amendments will be applied prospectively.



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

Financial year beginning 1 April 2020

- Amendments to MFRS 3 "Business Combinations"
- Amendments to MFRS 101 "Presentation of Financial Statements"
- Amendments to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS 134 "Interim Financial Reporting"
- Amendment to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets"
- Amendment to MFRS 138 "Intangible Assets"
- Amendment to Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Amendment to Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Amendment to Interpretation 132 "Intangible Assets – Web Site Costs"

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 which will be applicable to the financial year beginning 1 April 2019 and thereafter.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

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.

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.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (*continued*)

(i) Subsidiaries (*continued*)

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.

(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.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.



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 reporting 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.

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.



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 2018 (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 asset 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 development units is stated at the lower of cost and net realisable value. Cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs an appropriate proportion of allocated costs attributable to property development activities.



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).



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 and direct development cost incurred in preparing the land for development. 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

Cost is determined based on specific identification basis. Property development costs comprising costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset.

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.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property development activities (continued)

(ii) Property development costs (continued)

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.

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 statements of financial position

The particular recognition method adopted for financial instruments recognised on the statements 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.



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 and GST recoverable), 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.



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.



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 2018 (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 are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 4(k).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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 2018 (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.



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.



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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(u) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) 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.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 that have been 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.



4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Current and deferred income taxes (continued)

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.

(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 recognised upon delivery of goods to customers, net of returns and discounts.
- (ii) Revenue for sales of goods under direct sales or retail is recognised upon declaration of sales to the Group by the departmental stores, net of GST, returns and discounts.
- (iii) Revenue for sales of goods under HQ sales is recognised upon delivery of goods to customers, net of returns and discounts.
- (iv) Income from construction contracts is recognised on the stage of completion method in cases where the outcome of the contract can be reliably estimated or to the extent of contract costs incurred that is probable to be recoverable where the outcome cannot be estimated reliably. In all cases, anticipated losses are recognised in full.
- (v) 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.
- (vi) Interest income is recognised using the effective interest method.
- (vii) Dividend income is recognised when the Group's right to receive payment is established.
- (viii) Rental income is recognised on the accrual basis unless collection is in doubt.
- (ix) Revenue from golf course is recognised when services are rendered to customers.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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 and presentation 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:

	2018 RM	2017 RM
<u>Assets:</u>		
1 US Dollar	3.81	4.36
1 Euro	4.70	4.65
<u>Liabilities:</u>		
1 US Dollar	3.92	4.49
1 Euro	4.82	4.80
100 Hong Kong Dollars	50.46	58.60
100 Chinese Renminbi	62.37	64.95



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 recognised because it 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.

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) 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.



5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) 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.

(c) 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 estimate 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.

(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.



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 estimate 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) 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. Projected future cash flows are calculated based on historical and industry trends, projects on hand, general market and economic conditions and other available information. Changes in assumptions can significantly affect the computed value in use and the results of the Group's test for impairment of assets.

Impairment assessments on property, plant and equipment and property development costs

The Group has property, plant and equipment and property development costs with aggregate carrying amounts of approximately RM25,256,000 and RM42,175,000 respectively as at 31 March 2018. Management performed impairment assessments on the Group's property, plant and equipment and property development costs as a result of the existence of an impairment indicator as the Group's market capitalisation value is below the carrying amount of its net assets.

Management has assessed the recoverable amounts of the applicable CGUs based on discounted cash flow analysis to determine their value in use. Cash flows were projected based on past experience, historical performance and management's expectations of market development and future business performance. Other than property development and construction activities which are based on existing projects on hand, a growth rate is used to extrapolate the cash flow projections for direct sales/retail and manufacturing entities.



5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Impairment of non financial assets (continued)

The following are the key assumptions used by management:

- (a) The anticipated annual revenue growth included in the cash flow projections for the financial years ending 31 March 2019 to 2023 is based on average growth levels experienced over the last three years as well as the committed and estimated additional orders for the next financial year for the applicable CGUs. Cash flows beyond 5 years are based on relevant adjusted growth rates noted for the respective businesses, industry trend and projections for the respective CGUs.
- (b) The timing of revenue recognition of the property development projects are based on planned sales of residential/commercial units over a period of five years.
- (c) The costs of property development and construction contracts are based on contracted sum on hand or expected contracted sum currently under negotiation.
- (d) Gross profit margin for the financial years ending 31 March 2019 to 2023 is projected based on average historical gross profit margin levels experienced over the last three years by the applicable CGUs.
- (e) Inflationary adjustment of 4% is applied to all relevant expenses for financial years ending 31 March 2019 to 2023.
- (f) A pre-tax discount rate, which is based on the industry weighted average cost of capital, adjusted with a risk premium, has been applied in determining the recoverable amount of the respective CGUs.

Based on management's assessment, no impairment loss has been identified for the Group's property, plant and equipment and property development costs. Based on a sensitivity analysis performed, reasonable change in the key assumptions applied do not result in an impairment loss

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 and retail 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 2018 (CONTINUED)

6 SEGMENT REPORTING (CONTINUED)

(a) Analysis of results and financial position

Group 2018	Property development and construction RM'000	Manufacturing sales RM'000	Direct selling/retail RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue	32,018	62,394	3,921	0	564	98,897
Intersegment revenue	0	(951)	0	0	0	(951)
External revenue	32,018	61,443	3,921	0	564	97,946
Results						
Profit/(Loss) from operations	1,339	2,523	742	(670)	(139)	3,795
Finance cost	(43)	(1,473)	(16)	0	0	(1,532)
Profit/(Loss) before tax	1,296	1,050	726	(670)	(139)	2,263
Tax expense						(948)
Net profit for the financial year						1,315
Segment assets	87,649	44,484	3,295	4,267	141	139,836
Unallocated corporate assets						
- Deferred tax assets						749
- Current tax recoverable						2,380
						142,965
Segment liabilities	24,295	28,024	1,469	395	294	54,477
Unallocated corporate liabilities						
- Deferred tax liabilities						874
						55,351



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

6 SEGMENT REPORTING (CONTINUED)

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

Group 2018	Property development and construction RM'000	Manufacturing sales RM'000	Direct selling/retail RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Capital expenditure	827	192	4	0	1	1,024
Included in profit/(loss) from operations are:						
Interest income	(7)	(116)	0	0	(1)	(124)
Depreciation and amortisation	148	736	33	18	100	1,035
Allowance for slow moving inventories - provided for/(write back)	0	201	(755)	0	0	(554)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

6 SEGMENT REPORTING (CONTINUED)

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

Group	Property development and construction RM'000	Manufacturing sales RM'000	Direct selling/retail RM'000	Investment holding RM'000	Others RM'000	Total RM'000
2017						
Revenue						
Total revenue	50,617	65,318	3,447	4,500	529	124,411
Intersegment revenue	0	(781)	0	(4,500)	0	(5,281)
External revenue	50,617	64,537	3,447	0	529	119,130
Results						
Profit/(Loss) from operations	4,384	4,776	(147)	(199)	(802)	8,012
Finance cost	(52)	(765)	(13)	0	0	(830)
Profit/(Loss) before tax	4,332	4,011	(160)	(199)	(802)	7,182
Tax expense						(2,080)
Net profit for the financial year						5,102
Segment assets	94,375	45,355	3,281	5,076	180	148,267
Unallocated corporate assets						
- Deferred tax assets						1,093
- Current tax recoverable						459
						149,819
Segment liabilities	32,836	26,762	614	447	333	60,992
Unallocated corporate liabilities						
- Deferred tax liabilities						1,009
- Current tax payable						719
						62,720



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

6 SEGMENT REPORTING (CONTINUED)

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

Group 2017	Property development and construction RM'000	Manufacturing sales RM'000	Direct selling/retail RM'000	Investment holding RM'000	Others RM'000	Total RM'000
Capital expenditure	993	217	7	0	24	1,241
Included in profit/(loss) from operations are:						
Interest income	(47)	(110)	0	0	(2)	(159)
Depreciation and amortisation	114	808	42	18	191	1,173
Impairment charge	0	0	0	0	464	464
Fair value gain on revaluation of investment property	0	0	0	(100)	0	(100)
(Write back) / allowance for slow moving inventories	0	(184)	64	0	0	(120)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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	
	2018 RM'000	2017 RM'000
Malaysia	37,087	56,379
United States of America	7,634	14,791
Canada	9,550	8,891
Germany	33,156	27,826
France	1,983	3,967
Hong Kong	4,931	3,590
United Kingdom	1,805	0
Netherlands	1,059	1,249
Mexico	367	2,230
Sweden	0	42
Other countries	374	165
	97,946	119,130

For the financial year, the revenue of 2 (2017: 2) customers which contributed more than 10% of the total revenue of the Group are RM18,719,000 (2017: RM11,866,000) (from manufacturing segment) and RM17,396,000 (2017: RM31,464,000) (from property development and construction segment) respectively. Total revenue of these major customers is RM36,115,000 (2017: RM43,330,000).

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 2018 and the statements of financial position as at 31 March 2018. 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 2018 (CONTINUED)

7 REVENUE

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Direct sales and retail	3,921	3,447	0	0
Sales of finished goods	61,443	64,537	0	0
Contract revenue	19,207	31,464	0	0
Property development revenue	12,811	19,153	0	0
Golfing fees and others club revenue	564	529	0	0
Gross dividend income from unquoted subsidiary	0	0	0	4,500
	97,946	119,130	0	4,500

8 COST OF SALES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cost of inventories recognised as an expense	54,725	55,610	0	0
Contract costs recognised as an expense	16,937	27,131	0	0
Property development costs recognised as an expense	10,534	16,735	0	0
	82,196	99,476	0	0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

9 PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) from operations is stated after charging/(crediting):				
Auditors' remuneration				
- statutory audit	294	280	82	78
- other assurance services	47	17	5	5
- other services	38	33	4	4
Employee benefit expense (including directors' remuneration)	19,653	19,555	250	250
Allowance for slow moving inventories				
- write back	(554)	(120)	0	0
Allowance for doubtful debts				
- charge for the financial year	6	120	0	0
- write back	(8)	(157)	0	0
Property, plant and equipment				
- depreciation	1,035	1,173	18	18
- gains on disposal	(2)	(51)	0	0
- write off	0	3	0	0
- impairment	0	464	0	0
Rental expenses of premises	89	100	0	0
Sub-contract wages	5,401	6,860	0	0
Sales commission to agents	761	1,550	0	0
Travelling and transportation charges	1,167	1,335	0	0
Provision for liquidated damages (Note 32)	641	1,902	0	0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

9 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) 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	137	592
- fair value losses on marketable securities	18	0	18	0
- impairment charge on investment in a subsidiary	0	0	0	250
Significant amounts included in other operating income are:				
- interest income	(124)	(159)	(1)	(1,325)
- net realised foreign exchange gains	(1,472)	(2,011)	*	(5)
- net unrealised foreign exchange (gains)/ losses	(51)	100	0	0
- rental income of premises	(276)	(327)	(117)	(117)
- fair value gains on marketable securities	0	(114)	0	(114)
- fair value gains on derivative financial instruments	0	(6)	0	0
- fair value gain on revaluation of investment property (Note 15)	0	(100)	0	(100)
- gains on disposal of marketable securities	(6)	(15)	(6)	(15)
- gross dividend income from marketable securities	(4)	(21)	(4)	(21)
- liquidated damages receivable from contractors	0	(1,270)	0	0

* Amount less than RM500



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

9 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Employee benefit expense (including directors' remuneration)				
Executive directors:				
- fees	125	125	125	125
- allowances	4	4	4	4
- salaries and bonus	805	785	0	0
- defined contribution plan	130	127	0	0
	1,064	1,041	129	129
Non-executive directors:				
- fees	115	115	115	115
- allowances	6	6	6	6
	121	121	121	121
Total directors' remuneration	1,185	1,162	250	250
Other staff costs:				
- salaries, wages and bonus	16,497	16,609	0	0
- defined contribution plan	903	880	0	0
- other short term employee benefits	1,068	904	0	0
Total other staff costs	18,468	18,393	0	0
Total employee benefit expense	19,653	19,555	250	250
Monetary value of benefits-in-kind given to certain directors	19	19	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 2018 (CONTINUED)

10 FINANCE COST

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Term loan interests	783	1,101	0	0
Overdraft interests	776	1,062	0	0
Interests on other borrowings	136	390	0	445
	1,695	2,553	0	445
Less: Amount capitalised in				
- Development costs (Note 20)	(52)	(997)	0	0
- Construction contracts (Note 37)	(120)	(745)	0	0
	(172)	(1,742)	0	0
Net interest expense	1,523	811	0	445
Commitment fees	9	19	0	0
	1,532	830	0	445

The average capitalisation rate for borrowing costs of the Group is 7.49% (2017: 7.63%) per annum.

11 TAX EXPENSE

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current income tax:				
- current financial year	599	2,231	5	319
- under/(over) provision in previous financial year	140	(391)	22	(18)
	739	1,840	27	301
Deferred tax charge (Note 18)				
- origination and reversal of temporary differences	209	240	34	4
Tax expense	948	2,080	61	305



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before tax	2,263	7,182	(639)	4,505
Tax calculated at the Malaysian income tax rate 24% (2017: 24%)	543	1,724	(153)	1,081
Tax effects of:				
- expenses not deductible for tax purposes	733	723	120	354
- expenses eligible for double deduction/tax incentives	(90)	(85)	0	0
- income not subject to tax	(1)	(49)	(1)	(1,112)
- origination of deductible temporary differences which was not previously recognised	(307)	0	0	0
- current year tax loss/deductible temporary differences not recognised	66	76	34	0
- under/(over) provision of income tax in previous financial years	140	(391)	22	(18)
- (over)/under provision of deferred tax in previous financial years	(136)	82	39	0
Tax expense	948	2,080	61	305

The Group has unused tax losses amounting to RM3,322,000 (2017: RM2,184,000) at the end of the financial year which can be carried forward and utilised to set off against future taxable profits.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

12 EARNINGS PER SHARE

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

	GROUP	
	2018	2017
Net profit for the financial year attributable to owners of the Company (RM'000)	1,380	5,515
Weighted average number of ordinary shares in issue ('000)	80,000	80,000
Basic/diluted earnings per share (sen)	1.73	6.89

13 DIVIDENDS

	GROUP AND COMPANY	
	2018 RM'000	2017 RM'000
<u>Paid</u>		
Final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares in respect of financial year ended 31 March 2017, paid on 26 October 2017	800	0
Final single-tier dividend of 1 sen per share on 80,000,000 ordinary shares in respect of financial year ended 31 March 2016,	0	800

In respect of the financial year ended 31 March 2018, 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 2019.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land at valuation RM'000	Buildings at valuation RM'000	Plant and machinery at cost RM'000	Furniture, fittings, equipment and renovations at cost RM'000	Motor vehicles at cost RM'000	Golf course development at cost RM'000	Capital work in progress RM'000	Total RM'000
Cost/Valuation								
At 1 April 2017	7,570	14,230	8,411	6,565	2,972	715	1,757	42,220
Additions	0	0	119	78	0	0	827	1,024
Disposals	0	0	(228)	0	0	0	0	(228)
At 31 March 2018	7,570	14,230	8,302	6,643	2,972	715	2,584	43,016
Accumulated depreciation								
At 1 April 2017	0	533	7,558	5,811	2,323	264	0	16,489
Charge for the financial year	0	433	261	139	202	0	0	1,035
Disposals	0	0	(228)	0	0	0	0	(228)
At 31 March 2018	0	966	7,591	5,950	2,525	264	0	17,296
Accumulated impairment								
At 1 April 2017/31 March 2018	0	0	0	13	0	451	0	464
Carrying value								
At 31 March 2018	7,570	13,264	711	680	447	0	2,584	25,256



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land at valuation RM'000	Buildings at valuation RM'000	Plant and machinery at cost RM'000	Furniture, fittings, equipment and renovations at cost RM'000	Motor vehicles at cost RM'000	Golf course development at cost RM'000	Capital work in progress RM'000	Total RM'000
Cost/Valuation								
At 1 April 2016	7,570	14,230	8,228	6,526	2,871	712	1,259	41,396
Additions	0	0	197	53	490	3	498	1,241
Disposals	0	0	0	0	(389)	0	0	(389)
Write off	0	0	(14)	(14)	0	0	0	(28)
At 31 March 2017	7,570	14,230	8,411	6,565	2,972	715	1,757	42,220
Accumulated depreciation								
At 1 April 2016	0	100	7,247	5,654	2,537	192	0	15,730
Charge for the financial year	0	433	322	171	175	72	0	1,173
Disposals	0	0	0	0	(389)	0	0	(389)
Write off	0	0	(11)	(14)	0	0	0	(25)
At 31 March 2017	0	533	7,558	5,811	2,323	264	0	16,489
Accumulated impairment								
At 1 April 2016	0	0	0	0	0	0	0	0
Impairment charge	0	0	0	13	0	451	0	464
At 31 March 2017	0	0	0	13	0	451	0	464
Carrying value								
At 31 March 2017	7,570	13,697	853	741	649	0	1,757	25,267



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Cost		Accumulated depreciation		Carrying value	
	At 1 April 2017/2016 RM'000	Additions RM'000	At 31 March 2018/2017 RM'000	At 1 April 2017/2016 RM'000	Charge for the financial year RM'000	At 31 March 2018/2017 RM'000
Furniture, fittings and equipment at cost						
At 31 March 2018	586	0	586	455	18	113
At 31 March 2017	586	0	586	437	18	131

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'000
Freehold land	Comparison method	7,570
Buildings	Comparison method	14,230
		<u>21,800</u>

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	
	2018 RM'000	2017 RM'000
Freehold land	1,020	1,020
Buildings	10,755	11,097
	<u>11,775</u>	<u>12,117</u>

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 RM21,029,000 (2017: RM21,467,000).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	GROUP	
	2018 RM'000	2017 RM'000
Motor vehicles		
- addition during the financial year, at cost	0	490
- carrying value at financial year end	447	630

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,024,000 (2017: RM1,241,000). Cash payments of RM1,018,000 (2017: RM710,000) 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.

During the previous financial year ended 31 March 2017, an impairment assessment was performed by a subsidiary on its property, plant and equipment, and through the impairment assessment an impairment charge of RM451,000 was recognised in profit or loss as the recoverable amount of the property, plant and equipment determined through value in use was lower than its carrying amount.

15 INVESTMENT PROPERTY

	GROUP AND COMPANY	
	2018 RM'000	2017 RM'000
At fair value		
At 1 April	4,100	4,000
Change in fair value recognised in profit or loss (Note 9)	0	100
At 31 March	4,100	4,100
Direct operating expenses relating to investment property that generated rental income	24	25

The investment property of the Group and the Company are stated at fair value of RM 4,100,000 (2017: RM4,100,000) based on valuations (using comparison valuation method) carried out by an independent professional valuer, Suleiman & Co. Property Consultants Sdn. Bhd. on 31 March 2018.

16 SUBSIDIARIES

	COMPANY	
	2018 RM'000	2017 RM'000
Unquoted shares at cost	61,804	61,804
Accumulated impairment losses	(250)	(250)
	61,554	61,554
Accumulated impairment losses		
At 1 April	250	0
Impairment charge (Note 9)	0	250
At 31 March	250	250

The accumulated impairment losses above is in respect of investment in Omni Green Sdn. Bhd. which has been incurring operation losses in the current and previous financial years.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

16 SUBSIDIARIES (CONTINUED)

List of subsidiaries

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

Name of company	Group's effective interest		Principal activities
	2018 %	2017 %	
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.

All subsidiaries within the Group are audited by PricewaterhouseCoopers PLT, Malaysia.

17 GOODWILL

	GROUP	
	2018 RM'000	2017 RM'000
<u>Goodwill</u>		
Cost arising from acquisition of a subsidiary	358	358
Accumulated impairment losses	(358)	(358)
Carrying value	0	0

The goodwill which arose from the acquisition of Omni Green Sdn. Bhd. had been fully impaired in the previous financial year ended 31 March 2014.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

18 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax (assets) and deferred tax 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets				
- subject to income tax	(749)	(1,093)	0	(9)
Deferred tax liabilities				
- subject to income tax	391	552	25	0
- subject to real property gains tax	483	457	140	140
	874	1,009	165	140
Deferred tax (assets)/liabilities (net)	125	(84)	165	131

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets				
- realised within 12 months	(749)	(1,093)	0	(9)
Deferred tax liabilities to be				
- realised within 12 months	4	0	4	0
- realised after 12 months	870	1,009	161	140
	874	1,009	165	140
At 1 April	(84)	(324)	131	127
Charged/(Credited) to profit or loss (Note 11):				
- property, plant and equipment	(85)	95	(5)	(5)
- investment property	0	5	0	5
- unused tax losses	(266)	253	0	0
- property development activities	288	255	0	0
- provisions and allowance	220	(475)	0	0
- other temporary differences	52	107	39	4
	209	240	34	4
At 31 March	125	(84)	165	131



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

18 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subject to income tax:				
Deferred tax assets (before offsetting)				
- unused tax losses	(496)	(230)	0	0
- property development activities	(106)	(277)	0	0
- provisions and allowance	(1,447)	(1,667)	0	0
- other deductible temporary differences	(14)	(66)	0	(39)
Offsetting	1,314	1,147	0	30
Deferred tax assets (after offsetting)	(749)	(1,093)	0	(9)
Subject to income tax:				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	1,607	1,692	25	30
- property development activities	117	0	0	0
- other taxable temporary differences	7	7	0	0
Offsetting	(1,314)	(1,147)	0	(30)
Deferred tax liabilities (after offsetting)	417	552	25	0
Subject to real property gains tax:				
Deferred tax liabilities				
- property, plant and equipment	317	317	0	0
- investment property	140	140	140	140
	457	457	140	140
Total deferred tax liabilities	874	1,009	165	140

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 2018 is RM1,254,000 (2017: RM1,225,000).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non current assets				
Amounts owing by subsidiaries	0	0	29,875	29,648
Current assets				
Trade receivables	33,277	34,202	0	0
Other receivables	2,267	1,259	5	*
Accrued billings in respect of property development	263	0	0	0
Amounts owing by subsidiaries	0	0	6,000	6,000
	35,807	35,461	6,005	6,000
Deposits	301	274	10	10
Prepayments	1,069	617	14	15
Amount due from customers on contracts (Note 37)	0	3,515	0	0
Advances to sub-contractors	218	2,371	0	0
	37,395	42,238	6,029	6,025
The currency profile of trade and other receivables and amounts owing by subsidiaries is as follows:				
- Ringgit Malaysia	31,075	30,403	35,880	35,648
- US Dollar	3,254	2,647	0	0
- Euro	1,478	2,411	0	0
Total trade and other receivables	35,807	35,461	35,880	35,648

Credit terms of trade receivables of the Group are cash on delivery to 75 days (2017: Cash on delivery to 75 days).

Included in other receivables of the Group and of the Company as at 31 March 2018 is the net input tax receivable of RM480,000 (2017: RM242,000) and RM4,000 (2017: RM *) in respect of goods and services tax respectively.

Amounts owing by subsidiaries as at 31 March 2018 which are non trade in nature, are unsecured, interest free and receivable on demand.

* Amount less than RM500



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

20 PROPERTY DEVELOPMENT COSTS

	GROUP	
	2018 RM'000	2017 RM'000
At cost		
At 1 April		
Leasehold land	12,791	12,791
Development costs	87,375	65,532
Accumulated costs recognised in profit and loss	(44,178)	(27,443)
	55,988	50,880
Add:		
- Costs incurred during the financial year		
Development costs	7,296	21,843
Less:		
- Completed development properties:		
Land and development costs	(32,369)	0
Accumulated costs charged in profit and loss	32,369	0
- Transfer to inventories – completed development units	(10,575)	0
Costs recognised in profit and loss in current financial year	(10,534)	(16,735)
At 31 March	42,175	55,988
Leasehold land at cost pledged for credit facilities of a subsidiary	0	5,648
Property development costs are analysed as follows:		
At cost		
Leasehold land	10,815	12,791
Development costs	53,703	87,375
Accumulated costs recognised in profit and loss	(22,343)	(44,178)
	42,175	55,988

Included in development costs is interest capitalised during the financial year amounting to RM52,000 (2017: RM997,000) (Note 10) and additional provision for compensation claims of RM65,000 (2017: RM64,000) (Note 32).

A total of 88 (2017:88) 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 2018. The rest of the sub-divided titles which have been previously pledged as securities for credit facilities granted to the subsidiary for bank overdrafts (Note 33) and bridging loan have been fully redeemed by the house purchase buyers and the subsidiary during the current financial year.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

20 PROPERTY DEVELOPMENT COSTS (CONTINUED)

Included in leasehold land as at 31 March 2018 is a piece of land purchased from an abandoned project. The subsidiary has redeemed the master land title and is in the process of transferring the ownership back to the subsidiary.

21 INVENTORIES

	GROUP	
	2018 RM'000	2017 RM'000
<u>At cost</u>		
Raw materials	7,617	5,018
Work in progress	941	1,418
Finished goods	5,600	7,077
Completed development units held for sale	10,459	0
Operating supplies	5	5
	24,622	13,518
<u>At net realisable value</u>		
Finished goods	1,276	1,589
	25,898	15,107

22 MARKETABLE SECURITIES

	GROUP AND COMPANY	
	2018 RM'000	2017 RM'000
<u>Held for trading</u>		
Shares in corporations and unit trusts		
- quoted in Malaysia	17	47
- quoted outside Malaysia	0	551
	17	598

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 2018 (CONTINUED)

23 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
	2018 RM'000	2017 RM'000
Derivative financial instruments		
Assets	0	6

The Group has entered into foreign currency forward exchange/option contracts in the previous financial year which were economic hedges but did not satisfy the requirements for hedge accounting.

There is no outstanding derivative financial instruments as at 31 March 2018. The notional principal amounts of the outstanding derivative financial instruments as at 31 March 2017 was RM568,900.

24 DEPOSITS WITH LICENSED BANKS

	GROUP	
	2018 RM'000	2017 RM'000
Deposits with licensed banks		
Deposits pledged for credit facilities with a licensed bank (Note 33)	3,955	3,841
Deposits with licensed banks (unencumbered)	(3,955)	(3,841)
	0	0
Weighted average effective interest rates per annum	3.00%	2.75%
Weighted average maturity period (days)	90	90

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 2018 (CONTINUED)

25 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash balances	11	12	0	0
Bank balances	587	677	9	222
Bank balances held under Housing Development Accounts	442	433	0	0
	1,040	1,122	9	222
Bank overdrafts (Note 33)	(10,164)	(8,934)	0	0
	(9,124)	(7,812)	9	222
The currency profile of bank and cash balances is as follows:				
- Ringgit Malaysia	787	812	9	164
- US Dollar	14	4	0	0
- Hong Kong Dollar	0	45	0	45
- Euro	239	248	0	0
- Singapore Dollar	0	13	0	13
	1,040	1,122	9	222

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.

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 1.34% (2017: 1.13%) per annum.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

26 SHARE CAPITAL

	GROUP AND COMPANY			
	2018 No. of shares '000	2017 No. of shares '000	2018 RM'000	2017 RM'000
<u>Issued and fully paid-up:</u>				
Ordinary shares				
At beginning of financial year	80,000	80,000	49,419	40,000
Transition to no-par value regime on 31 January 2017 (Note (a))	0	0	0	9,419
At end of financial year	80,000	80,000	49,419	49,419

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 RM9,419,000 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

27 OTHER RESERVES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Reserve on consolidation	81	81	0	0
Revaluation reserve - gross	11,307	11,307	1,992	1,992
Deferred tax	(1,087)	(1,087)	(140)	(140)
Revaluation reserve, net of tax	10,220	10,220	1,852	1,852
	10,301	10,301	1,852	1,852

The revaluation surplus represents surplus from the revaluation of the Group's land and buildings.

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revaluation surplus in respect of:				
- land and buildings (under property, plant and equipment)	8,368	8,368	0	0
- investment property (prior to transfer of owner-occupied to investment property)	1,852	1,852	1,852	1,852
	10,220	10,220	1,852	1,852

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 2018 (CONTINUED)

29 HIRE-PURCHASE CREDITORS

	GROUP	
	2018 RM'000	2017 RM'000
Future minimum hire-purchase payments:		
- within one year	115	147
- later than one year but not later than two years	59	115
- later than two years but not later than five years	118	118
- later than five years	113	172
	405	552
Less: Finance charges	(46)	(67)
Present value of hire-purchase liabilities	359	485
Analysis of present value of hire-purchase liabilities:		
<u>Current</u>		
Repayable within one year	100	125
<u>Non current</u>		
Repayable later than one year but not later than two years	48	101
Repayable later than two years but not later than five years	103	98
Repayable later than five years	108	161
	259	360
	359	485

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% (2017: 4.52% to 7.18%) per annum.

Hire-purchase creditors are effectively secured as the rights to the leased assets revert to the lessors in the



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

30 TERM LOANS

	GROUP	
	2018 RM'000	2017 RM'000
<u>Secured</u>		
Current liabilities	1,303	1,289
Non current liabilities	9,028	10,319
	10,331	11,608

GROUP	Total carrying amount RM'000	Note	Repayment period			Effective interest rate as at year end % p.a.
			Within 1 year RM'000	2 - 5 years RM'000	> 5 years RM'000	
<u>2018</u>						
Term loan 1	2,986	(a)	498	2,407	81	7.46
Term loan 2	48	(b)	48	0	0	8.04
Term loan 3	1,106	(c)	129	644	333	7.46
Term loan 4	2,017	(d)	213	1,028	776	7.46
Term loan 5	1,939	(e)	189	929	821	7.46
Term loan 6	2,235	(f)	226	1,082	927	7.46
	10,331		1,303	6,090	2,938	
<u>2017</u>						
Term loan 1	3,457	(a)	474	2,268	715	7.10
Term loan 2	138	(b)	90	48	0	7.70
Term loan 3	1,232	(c)	127	612	493	7.10
Term loan 4	2,219	(d)	205	981	1,033	7.10
Term loan 5	2,120	(e)	183	875	1,062	7.10
Term loan 6	2,442	(f)	210	1,009	1,223	7.10
	11,608		1,289	5,793	4,526	



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) 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.
- (h) All the above term loans are also guaranteed by the Company.

The interest expenses on these term loans are based on Base Lending Rate ("BLR") plus a fixed margin and will vary when there is a revision made to BLR.

All the term loans are denominated in Ringgit Malaysia.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

31 PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables	20,100	26,034	0	0
Progress billings for property development	2,030	1,896	0	0
Other payables	5,257	4,285	68	135
Accrued liabilities	2,315	2,051	327	311
Amount owing to a subsidiary	0	0	12,836	11,685
	29,702	34,266	13,231	12,131
The currency profile of trade and other payables and accrued liabilities is as follows:				
- Ringgit Malaysia	24,533	30,334	13,231	12,131
- US Dollar	2,688	2,458	0	0
- Chinese Renminbi	2,332	1,340	0	0
- Others	149	134	0	0
Total payables and accrued liabilities	29,702	34,266	13,231	12,131

Credit terms of trade payables granted to the Group vary from cash on delivery to 90 days (2017: Cash on delivery to 90 days).

Included in other payables of the Group as at 31 March 2018 are the net output tax payable of RM31,000 (2017: RM32,000) in respect of goods and services tax and amount owing to a director of RM2,350,000 (2017: RM Nil). The amount owing to a director of the Group as at 31 March 2018 denominated in Ringgit Malaysia are unsecured, interest free and repayable on demand.

Non trade amounts owing to a subsidiary of the Company as at 31 March 2018 are unsecured, interest free and are repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

32 PROVISIONS

		GROUP	
		2018 RM'000	2017 RM'000
<u>Provision for liquidated damages</u>			
At 1 April		2,508	934
Charged to profit or loss (Note 9)		641	1,902
Liquidated damages paid during current financial year		(2,049)	(328)
At 31 March	(a)	1,100	2,508
<u>Provision for compensation claims</u>			
At 1 April		604	744
Current year provision debited to property development cost (Note 20)		65	64
Compensation paid during current financial year		(83)	(204)
At 31 March	(b)	586	604
Total provisions at 31 March		1,686	3,112

(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 2018 (CONTINUED)

33 SHORT TERM BANK BORROWINGS

	GROUP	
	2018 RM'000	2017 RM'000
<u>Secured</u>		
Bank overdrafts	7,467	7,399
Foreign currency revolving credit	1,638	1,931
	9,105	9,330
<u>Unsecured</u>		
Bank overdrafts	2,697	1,535
Trade finance liabilities	597	656
	3,294	2,191
<u>Total</u>		
Bank overdrafts (Note 25)	10,164	8,934
Foreign currency revolving credit and trade finance liabilities	2,235	2,587
	12,399	11,521

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 RM3,955,000 (2017: RM3,841,000) (Note 24);
- (iii) deeds of negative pledge of certain subsidiaries; and
- (iv) 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 2018 (CONTINUED)

33 SHORT TERM BANK BORROWINGS (CONTINUED)

	GROUP	
	2018 RM'000	2017 RM'000
The currency profile of short term bank borrowings is as follows:		
- Ringgit Malaysia	10,761	9,590
- US Dollar	1,638	1,931
	12,399	11,521
	GROUP	
	2018 %	2017 %
Weighted average effective interest rates per annum:		
- bank overdrafts	8.32	7.63
- foreign currency revolving credit	4.71	3.77
- trade finance facilities	6.54	6.63
	GROUP	
	2018 Days	2017 Days
The ranges of credit periods of these short term borrowings are as follows:		
Foreign currency revolving credit	181	181
Trade finance liabilities	147 - 149	141 - 150



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

34 RELATED PARTY DISCLOSURES

34.1 Related parties and relationships

The related parties and their relationships with the Company are as follows:

Related parties	Country of incorporation	Relationships
Caely (M) Sdn. Bhd.	Malaysia	Subsidiary
Classita (M) Sdn. Bhd.	Malaysia	Subsidiary
Marywah Industries (M) Sdn. Bhd.	Malaysia	Subsidiary
Omni Green Sdn. Bhd.	Malaysia	Subsidiary
Caely Development Sdn. Bhd.	Malaysia	Subsidiary

A key management personnel is a person who has responsibility for planning, directing and controlling the activities of the Company directly or indirectly. 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 a general manager of a subsidiary.

34.2 Significant related party transactions

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Transactions with Caely (M) Sdn. Bhd.:				
- management fees charged	0	0	108	108
- interest income received/receivable	0	0	0	1,179
- advances to	0	0	(365)	(136)
- advances repaid from	0	0	113	530
Transactions with Classita (M) Sdn. Bhd.:				
- management fees charged	0	0	60	60
- interest expense paid/payable	0	0	0	(445)
- repayment of advances to	0	0	(101)	(103)
- advances from	0	0	1,252	1,085
Transactions with Marywah Industries (M) Sdn. Bhd.:				
- interest income received/receivable	0	0	0	139
- advances repaid from	0	0	25	150



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

34 RELATED PARTY DISCLOSURES (CONTINUED)

34.2 Significant related party transactions (continued)

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: (continued)

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Transactions with Omni Green Sdn. Bhd.:				
- advances to	0	0	(137)	(170)
Transaction with Caely Development Sdn. Bhd.:				
- interest income received/receivable	0	0	0	5
Transactions with directors:				
- Advances repaid to	0	(459)	0	0
- Advances received	2,350	0	0	0

The balances outstanding with related parties in respect of the above transactions are as disclosed in Note 19 and Note 31 to the financial statements.

34.3 Key management compensation

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fees	240	240	240	240
Salaries and bonus	933	910	10	10
Defined contribution plan expenses	144	140	0	0
	1,317	1,290	250	250
Monetary value of benefits-in-kind	19	19	0	0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

35 NON CASH TRANSACTIONS

The principal non cash transactions of the Group and the Company during the financial year are as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Purchase of property, plant and equipment by means of hire-purchase financing	0	350	0	0
Interest received added on directly to fixed deposits pledged as security with a licensed bank	114	110	0	0
Contra of amount owing by a subsidiary against the amount owing to another subsidiary	0	0	(137)	(170)
Proceed from disposal of property, plant and equipment contra against balance with suppliers	0	9	0	0
Dividends paid by way of set-off against amount owing to a subsidiary	0	0	0	4,500
Purchase of plant and machinery by mean of contra against balance with supplier	0	181	0	0
Cost transferred from property development costs to inventory-completed properties	10,575	0	0	0
Proceed from disposal of property, plant and equipment by means of trade in with purchases	2	0	0	0
Repayment to a director by way of contra of balances	0	(422)	0	0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

36 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Financial asset measured at fair value through profit or loss:				
- Marketable securities	17	599	17	599
- Derivative financial assets	0	6	0	0
	17	605	17	599
Loans and receivables at amortised cost:				
- Trade and other receivables and deposits excluding prepayments, amounts due from customers on contracts, advances to sub-contractors and input tax receivables	35,628	35,493	11	10
- Amounts owing by subsidiaries	0	0	35,875	35,647
- Deposits with licensed banks	3,955	3,841	0	0
- Bank and cash balances	1,040	1,122	9	222
	40,623	40,456	35,895	35,879
Total	40,640	41,061	35,912	36,478
Financial liabilities				
Other financial liabilities measured at amortised cost:				
- Hire-purchase creditors	359	485	0	0
- Term loans	10,331	11,608	0	0
- Short term bank borrowings	12,399	11,520	0	0
- Payables and accrued liabilities excluding statutory liabilities	29,671	34,234	395	447
- Amounts owing to subsidiaries	0	0	12,836	11,684
Total	52,760	57,847	13,231	12,131



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 2018 (CONTINUED)

36 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Market risk (continued)

(a) Foreign currency exchange risk (continued)

Group	Estimated % increase		Impact on profit or loss	
	2018	2017	2018	2017
	%	%	RM'000	RM'000
Foreign currency strengthens against RM				
- US Dollar	2	2	-6	-16
- Euro	3	3	+42	+74
- Chinese Renminbi	2	2	-35	-21

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 Company 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% (2017: 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:

Group	Impact on profit or loss	
	2018	2017
	RM'000	RM'000
Increase in interest rate:		
- bank borrowings and term loans	-114	-116

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 Company is not exposed to significant interest rate risk.



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 and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are 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 % (2017: 5%) higher/lower, with all other variables held constant, the Group's and the Company's net profit would have been RM1,000 (2017: RM30,000) 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 2018 (CONTINUED)

36 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'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
<u>At 31 March 2018</u>				
<u>Assets</u>				
Property, plant and equipment	0	0	20,834	20,834
Investment property	0	4,100	0	4,100
Marketable securities	17	0	0	17
<u>At 31 March 2017</u>				
<u>Assets</u>				
Property, plant and equipment	0	0	21,267	21,267
Investment property	0	4,100	0	4,100
Marketable securities	598	0	0	598
Derivative financial instrument	0	6	0	6
COMPANY				
<u>At 31 March 2018</u>				
<u>Assets</u>				
Investment property	0	4,100	0	4,100
Marketable securities	17	0	0	17
<u>At 31 March 2017</u>				
<u>Assets</u>				
Investment property	0	4,100	0	4,100
Marketable securities	598	0	0	598

There are no derivative financial instruments outstanding as at 31 March 2018 for the Group and the Company.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

36 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued):

(iii) Fair value estimation (continued)

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 for land is price per square feet in the range of RM23 to RM24 (2017: RM23 to RM24) per square feet. Buildings of the Group comprise of factory buildings, hostel and residential properties for employees. Adjustment is made for location, size, shape of lot, site facilities, time element for land and building extension and physical condition of the buildings.

Assuming all variables remain constant, a 5 % (2017: 5%) increase in unobservable input in price per square feet would lead to an increase of RM378,000 (2017: RM378,000) 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.



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 (2017: 2 customers) representing 63% (2017: 48%) 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.



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 2018 (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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Neither past due nor impaired:				
Trade receivables	22,411	26,373	0	0
Accrued billings in respect of property development	263	0	0	0
Other receivables and deposits	2,088	1,291	11	10
Amounts owing by subsidiaries	0	0	35,875	35,648
Deposits with licensed banks	3,955	3,841	0	0
Bank and cash balances	1,040	1,122	9	222
	29,757	32,627	35,895	35,880
Past due but not impaired:				
Trade receivables				
1 to 60 days	2,316	2,359	0	0
61 to 150 days	3,181	224	0	0
More than 151 days	5,369	5,246	0	0
	10,866	7,829	0	0
	40,623	40,456	35,895	35,880
Impaired:				
Trade receivables	2,119	2,174	0	0
Other receivables	113	120	0	0
Amount owing by a subsidiary	0	0	1,780	1,643
Total	42,855	42,750	37,675	37,523



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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 2018, the Group has trade receivables of RM10,866,000 (2017: RM7,829,000) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade and other receivables/ amount owing by a subsidiary				
Nominal amount of individually impaired debt	2,232	2,294	1,780	1,643
Allowance for doubtful debts	(2,232)	(2,294)	(1,780)	(1,643)
	0	0	0	0
Movements in allowance accounts:				
At 1 April	2,294	2,331	1,643	1,051
Charge for the financial year (Note 9)	6	120	137	592
Write back (Note 9)	(8)	(157)	0	0
Written off	(60)	0	0	0
At 31 March	2,232	2,294	1,780	1,643



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (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 summarises 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.

	2018			Total RM'000
	Within one year RM'000	Two to five years RM'000	More than five years RM'000	
GROUP				
Non derivative financial liabilities:				
Trade and other payables	29,671	0	0	29,671
Hire-purchase creditors	115	177	113	405
Term loans	2,013	7,937	3,161	13,111
Short term bank borrowings	13,315	0	0	13,315
Total undiscounted financial obligations	45,114	8,114	3,274	56,502



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

36 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(v) Liquidity risk (continued)

	2017			Total RM'000
	Within one year RM'000	Two to five years RM'000	More than five years RM'000	
GROUP				
Non derivative financial liabilities:				
Trade and other payables	34,234	0	0	34,234
Hire-purchase creditors	147	233	172	552
Term loans	2,060	7,905	5,019	14,984
Short term bank borrowings	12,269	0	0	12,269
Total undiscounted financial obligations	48,710	8,138	5,191	62,039

	2018			Total RM'000
	On demand* or within one year RM'000	Two to five years RM'000	More than five years RM'000	
COMPANY				
Non derivative financial liabilities:				
Trade and other payables	395	0	0	395
Amount owing to a subsidiary*	12,836	0	0	12,836
Financial guarantee liabilities*	15,328	7,937	3,161	26,426
Total undiscounted financial obligations	28,559	7,937	3,161	39,657

	2017			Total RM'000
	On demand* or within one year RM'000	Two to five years RM'000	More than five years RM'000	
COMPANY				
Non derivative financial liabilities:				
Trade and other payables	446	0	0	446
Amount owing to a subsidiary*	11,685	0	0	11,685
Financial guarantee liabilities*	14,330	7,904	5,019	27,253
Total undiscounted financial obligations	26,461	7,904	5,019	39,384

There are no derivative financial liabilities as at 31 March 2018 and 31 March 2017 for the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

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 2018, 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 statements of financial position.

37 CONSTRUCTION CONTRACTS

	GROUP	
	2018 RM'000	2017 RM'000
At cost,		
Aggregate costs incurred to date	0	71,576
Attributable profit less recognised losses	0	11,074
	0	82,650
Progress billings	0	(79,135)
	0	3,515
Represented by:		
Amount due from customers on contracts (Note 19)	0	3,515
Retention on contracts included in trade receivables	5,200	5,422
Interest capitalised (Note 10)	120	745

The contracts on hand as at 31 March 2017 have been fully completed during the current financial year. There was no outstanding construction contracts as at 31 March 2018.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

38 SUBSEQUENT EVENT

Subsequent to the financial year end, the Company issued 40,000,000 bonus issue of warrants on the basis of one warrant for every two existing ordinary share of the Company. The exercise price is RM0.38 per warrant and these warrants can be exercised at any time during the tenure of three years from the date of issuance. These warrants are listed and quoted on the Main Market of Bursa Malaysia Securities Berhad. on 26 April 2018.

Upon exercise of the warrants, earnings per share will be diluted with the issuance of ordinary shares subsequently.





LANDED PROPERTIES

AS AT 31 MARCH 2018

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 13 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 22 years	-	15,250	30.11.2015	373,799
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey hostel	Freehold 20 years	-	11,100	30.11.2015	340,901
Lot No. 1082, Geran 23580, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 18 years	-	28,140	30.11.2015	1,398,422
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 21 years	-	69,928	30.11.2015	4,442,571
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	3-storey factory building	Freehold 14 years	-	76,800	30.11.2015	5,526,530
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1 ½-storey factory building	Freehold 11 years	-	8,400	30.11.2015	424,406



LANDED PROPERTIES

AS AT 31 MARCH 2018 (CONTINUED)

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	1-storey hostel	Freehold 11 years	-	7,200	30.11.2015	257,473
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey surau	Freehold 11 years	-	625	30.11.2015	18,863
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1-storey factory building	Freehold 11 years	-	1,980	30.11.2015	61,303
Lot No. 2661, Geran 2292, Mukim of Durian Sebatang, District of Hilir Perak	1- storey hostel	Freehold 10 years	-	7,200	30.11.2015	331,072
Lot No. 25287, Geran 69663, Mukim of Durian Sebatang, District of Hilir Perak	Land	Freehold	-	1,200	30.11.2015	70,000
Lot No. 25287, Geran 69663, Mukim of Durian Sebatang, District of Hilir Perak	2-storey residential property for staff accommodation	Freehold 16 years	-	1,693	30.11.2015	88,635
Tapah Road, Plot 31, 32 and 39, Mukim of Batang Padang, District of Batang Padang (Master title has been subdivided into individual subtitles.)	Residential and commercial land – Development in progress	Leasehold	15-02-2112	52.79 acres	27.06.2011	3,674,235



Total number of Issued Shares : 80,000,700 ordinary shares
Class of shares : Ordinary shares
Voting Rights : 1 vote per share on a poll
No. of Shareholders : 1,891

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholding	No. of shareholders	% of shareholders	No. of Shares	% of Shares
Less than 100	204	10.79	3,273	0.01
100 – 1,000	543	28.71	337,427	0.42
1,001 – 10,000	839	44.37	4,008,100	5.01
10,001 – 100,000	257	13.59	8,297,500	10.37
100,001 – less than 5% of issued shares	44	2.33	26,377,900	32.97
5% and above of issued shares	4	0.21	40,976,500	51.22
	1,891	100.00	80,000,700	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDER

	— Direct Interest —		— Deemed Interest —	
	No. of Shares	%	No. of Shares	%
Ni Hsin Resources Berhad	14,794,500	18.49	-	-
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

	— 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

AS AT 29 JUNE 2018 (CONTINUED)

TOP 30 SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS

	Name of Shareholder	Issued Shares	% of Issued Shares
1	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NI HSIN RESOURCES BERHAD (CTS-NHR0001C)	14,794,500	18.49
2	DATIN FONG NYOK YOON	13,530,000	16.91
3	DATO' CHUAH CHIN LAI	6,884,000	8.60
4	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' CHUAH CHIN LAI (474038)	5,768,000	7.21
5	CHONG JONG SIEW	3,641,300	4.55
6	M & A NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE KONG (M&A)	2,826,100	3.53
7	TRANSAKSI AZAM SDN. BHD.	2,425,000	3.03
8	WICHFORD GROUP LIMITED	2,012,900	2.52
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AW SEN LOI	1,924,200	2.40
10	KYEROS PARTNERS SDN.BHD.	1,750,100	2.19
11	FONG YOKE MOOI	1,584,400	1.98
12	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ZULKIFLI BIN ISMAIL	1,307,000	1.63
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAU TECK POH (6000328)	866,400	1.08
14	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KIM HWA	773,400	0.97
15	KYEROS CAPITAL SDN.BHD.	690,100	0.86



TOP 30 SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS

	Name of Shareholder	Issued Shares	% of Issued Shares
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO KER-WEI (MARGIN)	532,900	0.67
17	SYED NIZAM BIN SYED JALALUDIN	415,000	0.52
18	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA	319,600	0.40
19	BONG HON LIONG	300,000	0.38
20	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ZULKIFLI BIN ISMAIL (MARGIN)	300,000	0.38
21	LOW BAN SENG	298,300	0.37
22	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR MOHD NOOR ZAIMI BIN ZAINOL (M64020)	260,000	0.33
23	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MOHD NOOR ZAIMI BIN ZAINOL (029)	258,000	0.32
24	CHUAH PEI YI	250,000	0.31
25	YONG SIOK CHING	240,100	0.30
26	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	216,800	0.27
27	OW TIEW SEE	213,600	0.27
28	MALACCA EQUITY NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	200,000	0.25
29	FAZILAH BINTI DAWAN	190,000	0.24
30	SU MING KEAT	189,000	0.24



Number of Outstanding Warrants : 39,999,300
 Exercise Price per Warrant : RM0.38
 Expiry date of Warrants : 22 April 2021
 Voting Rights : None unless warrant holders exercise their warrants for new ordinary shares
 No. of Warrant holders : 1,678

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of shareholding	No. of shareholders	% of shareholders	No. of Shares	% of Shares
Less than 100	401	23.89	11,888	0.03
100 – 1,000	551	32.84	355,650	0.89
1,001 – 10,000	558	33.25	2,234,750	5.59
10,001 – 100,000	135	8.05	4,887,400	12.22
100,001 – less than 5% of issued warrants	29	1.73	12,611,550	31.53
5% and above of issued warrants	4	0.24	19,898,062	49.74
	1,678	100.00	39,999,300	100.00

DIRECTORS' WARRANT HOLDINGS

	— Direct Interest —		— Deemed Interest —	
	No. of Shares	%	No. of Shares	%
Datin Fong Nyok Yoon	6,815,000	17.04	6,366,000 ^(a)	15.92
Dato' Chuah Chin Lai	6,366,000	15.92 ^(b)	6,815,000 ^(c)	17.04
Siow Hock Lee	-	-	67,750 ^(d)	0.17

(a) Deemed interested in the shareholdings of her spouse, Dato' Chuah Chin Lai.

(b) 2,884,000 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 WARRANT HOLDINGS

AS AT 29 JUNE 2018 (CONTINUED)

TOP 30 WARRANT HOLDERS AS PER THE RECORD OF DEPOSITORS

	Name	No. Issued Warrants	% of Issued Warrants
1	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NI HSIN RESOURCES BERHAD (CTS-NHR0001C)	6,807,062	17.02
2	DATIN FONG NYOK YOON	6,765,000	16.91
3	DATO' CHUAH CHIN LAI	3,442,000	8.60
4	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' CHUAH CHIN LAI (474038)	2,884,000	7.21
5	CHONG JONG SIEW	1,820,650	4.55
6	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AW SEN LOI	926,900	2.32
7	WICHFORD GROUP LIMITED	910,950	2.28
8	TRANSAKSI AZAM SDN. BHD.	830,000	2.08
9	WONG AH KUM	820,000	2.05
10	KYEROS PARTNERS SDN. BHD.	687,400	1.72
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ABDUL RAHMAN BIN IBRAHIM (MARGIN)	600,000	1.50
12	LOW KIM PENG	597,300	1.49
13	M & A NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE KONG (M&A)	551,550	1.38
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAU TECK POH (6000328)	433,200	1.08
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ZULKIFLI BIN ISMAIL	421,000	1.05



ANALYSIS OF WARRANT HOLDINGS

AS AT 29 JUNE 2018 (CONTINUED)

TOP 30 WARRANT HOLDERS AS PER THE RECORD OF DEPOSITORS

Name	No. Issued Warrants	% of Issued Warrants
16 TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KIM HWA	386,700	0.97
17 AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA	375,000	0.94
18 YOONG SIN KUEN	360,900	0.90
19 TAN YENG FATT	350,000	0.88
20 HENG SOON HAU	325,000	0.81
21 ABDUL RAHMAN BIN IBRAHIM	300,000	0.75
22 KYEROS CAPITAL SDN. BHD.	257,800	0.64
23 FOONG AI LIN	249,600	0.62
24 FAN KA CHUN	194,400	0.49
25 JASON NGA KOR SING	159,900	0.40
26 MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW YEW BENG	152,500	0.38
27 BONG HON LIONG	150,000	0.38
28 KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MOHD NOOR ZAIMI BIN ZAINOR (029)	131,500	0.33
29 CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR MOHD NOOR ZAIMI BIN ZAINOL (M64020)	130,000	0.32
30 CHUAH PEI YI	125,000	0.31



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-Second Annual General Meeting ("AGM") of the Company, to be held at Lower Perak Club, Jalan Denai Intan, Bandar Baru, 36000 Teluk Intan, Perak Darul Ridzuan on Thursday, 20 September 2018 at 10.30 a.m. and at every adjournment thereof to vote as indicated below:

		FOR	AGAINST
Ordinary Business			
Resolution 1	To approve the payment of a single tier tax exempt final dividend of 1 sen per share amounting to RM800,007.00 on 80,000,700 ordinary shares for the financial year ended 31 March 2018.	☐	☐
Resolution 2	To approve the payment of Directors' fees amounting to RM240,350.00 for the financial year ended 31 March 2018.	☐	☐
Resolution 3	To approve the payment of Directors' fees and benefits up to an amount of RM450,000.00 to the Directors with effect from 21 September 2018 until the next AGM.	☐	☐
Resolution 4	To approve the re-election of Datin Fong Nyok Yoon, the Director who retires pursuant to Article No. 124 of the Constitution of the Company.	☐	☐
Resolution 5	To approve the re-election of Dato' Chuah Chin Lai, the Director who retires pursuant to Article No. 124 of the Constitution of the Company.	☐	☐
Resolution 6	To approve the re-election of Mr. Lai Kian Huat, the Director who retires pursuant to Article No. 129 of the Constitution of the Company.	☐	☐
Resolution 7	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 March 2019 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 _____ 2018.

*Strike out whichever is not desired.

Signature: _____

NOTES:

- Only depositors whose names appear in the Record of Depositors as at 12 September 2018 ("General Meeting Record of Depositors") shall be regarded as members entitled to attend, speak and vote at the Meeting.
- 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.
- 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.
- 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.
- 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.
- 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 2018.

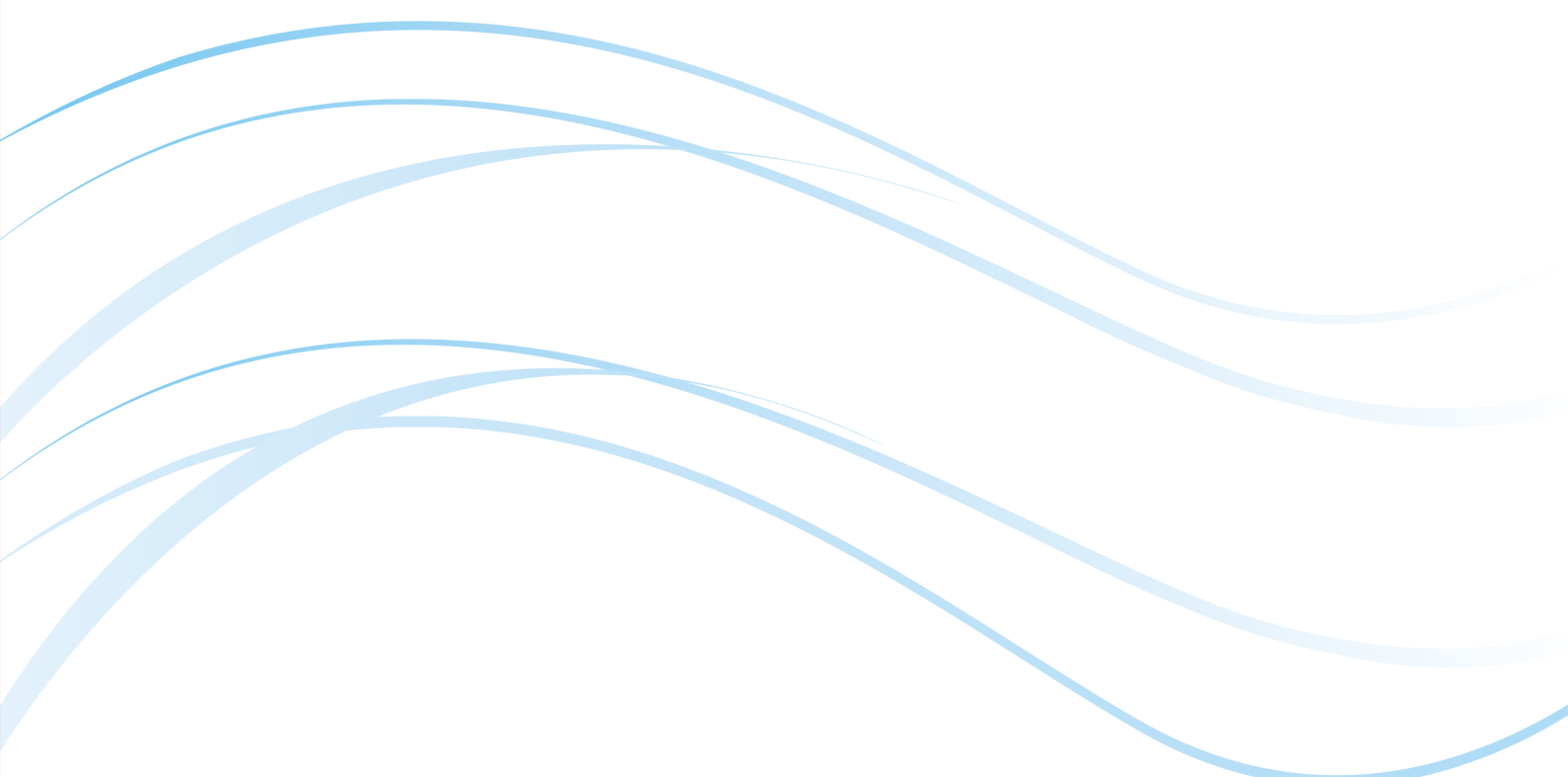
Then fold here

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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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

