PCCS GROUP BERHAD

Co. No. 280929-K
(Incorporated In Malaysia)

Passion **C**ommitment **C**ompetitiveness **S**incerity

Annual **Report** 2017

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Third (**"23rd"**) Annual General Meeting of the Company will be held at PCCS Group Berhad's Corporate Office, Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim on Friday, 25 August 2017 at 10:30 a.m. or at any adjournment thereof for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note B1**

2. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   (a) Dato' Chan Chor Ngiak **Resolution 1**
   (b) Mr. Chan Chor Ang **Resolution 2**

3. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 3**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

4. **ORDINARY RESOLUTION NO. 1**
   - PAYMENT OF DIRECTORS' FEES

   "THAT the Directors' Fees amounting to RM402,000/- (Ringgit Malaysia: Four Hundred and Two Thousand only) for the financial year ended 31 March 2017, be and is hereby approved for payment." **Resolution 4**

5. **ORDINARY RESOLUTION NO. 2**
   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

   AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

Notice of Annual General Meeting

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 or the Articles of Association of the Company.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
CHENG CHIA PING (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
31 July 2017

Notes:

(A) Information for Shareholders/Proxies

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 August 2017. Only a depositor whose name appears on the Record of Depositors as at 18 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting. Where a holder appoints two (2) proxies, he shall specify 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 shares in the Company for multiple beneficial owners in one (1) 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.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.

7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Notice of Annual General Meeting

Explanatory Notes to Ordinary Business:-

(B) Audited Financial Statements for the financial year ended 31 March 2017

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(C) Resolutions 1 & 2 - Re-election of Directors

1. In determining the eligibility of the Directors to stand for re-election at the forthcoming 23rd Annual General Meeting, the Nomination Committee ("**NC**") has considered the requirements under Paragraph 2.20A of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and recommended Dato' Chan Chor Ngiak and Mr. Chan Chor Ang for re-election as Directors pursuant to Article 94 of the Articles of Association of the Company ("**Retiring Directors**").

   All the Retiring Directors have consented to their re-election, and abstained from deliberation and voting in relation to their individual re-election at the NC Meeting, where applicable and Board of Directors' Meeting, respectively.

(D) Resolution 3 - Re-appointment of Auditors

1. The Audit Committee ("**AC**") have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. Ernst & Young as External Auditors of the Company for the financial year ending 31 March 2018. The Board has in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 23rd Annual General Meeting of the Company under **Resolution 3.**

Explanatory Notes to Special Business:

(E) Resolution 4 – Payment of Directors' Fees

1. The proposed adoption of the Ordinary Resolution No. 1 is to approve the Proposed Directors' fees for the financial year ended 31 March 2017 of RM402,000/- (2016: RM402,000/-).

   The **Resolution 4**, if approved, will authorise the payment of Directors' Fees pursuant to Article 105 (a) of the Articles of Association of the Company.

(F) Resolution 5 – Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

1. The Company wishes to renew the mandate on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the 23rd Annual General Meeting of the Company (hereinafter referred to as the "**General Mandate**").

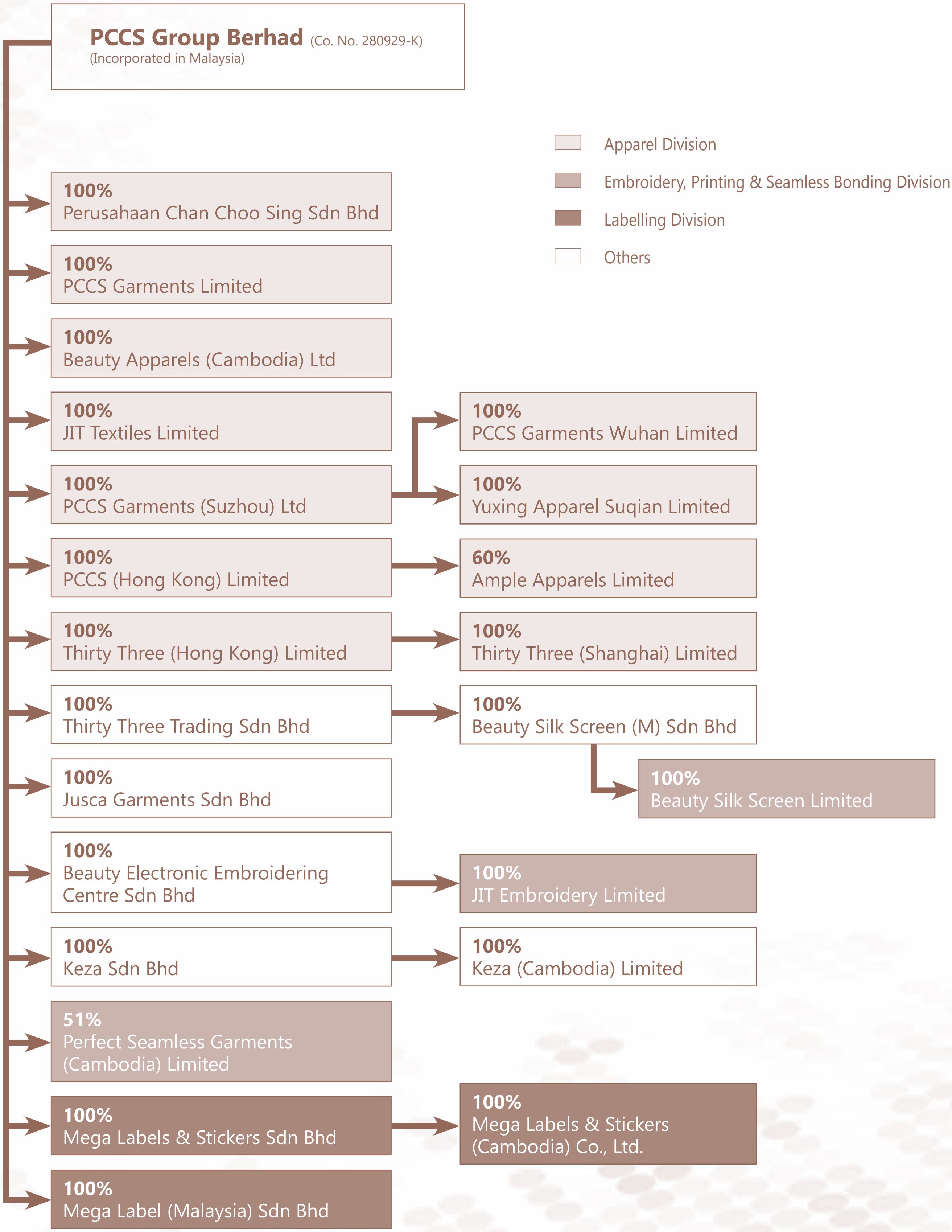
   The Company had been granted a general mandate by its shareholders at the Twenty-Second Annual General Meeting of the Company held on 26 August 2016 (hereinafter referred to as the "**Previous Mandate**").

   The Previous Mandate granted by the shareholders had not been utilised and therefore no proceed has been raised pursuant to the Previous Mandate.

   The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting solely for such issuance and allotment of shares. This authority unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Corporate Structure

As at 31 July 2017



Chairman's Letter to Shareholders

Dear Shareholders,

I am pleased to enclose herewith the Annual Report 2017 and the Audited Financial Statements for the financial year ended 31 March 2017 ("**AFS 31 March 2017**").

OUR BUSINESS

The origin of our Group can be traced back to the year 1973 when we ventured into the garments manufacturing business. Since then, we have continued to enjoy a good reputation for producing quality products and services to reputable international customers. Our Group's pursuit of a concentrated growth strategy has led to the subsequent establishment of the packaging and other apparel related businesses including embroidery services, labeling, fabric knitting, plastic packaging, silk screen elastic webbing etc.

OUR VISION

From the initial years of being a pure garment manufacturer, we have now evolved and sets our vision to be an excellent business solution provider in the apparel and labelling & stickers manufacturing industries.

OUR MISSION

Moving ahead to realise our vision of becoming an international leader in apparel and labelling & stickers manufacturing industries, we have pursue a concentrated growth strategy which involves the utilisation of our existing specialised to provide business solutions for customers. We aim to provide our customers with world-class quality products and services in a timely manner at effective cost and competitive price level.

OUR COMPETITIVE ADVANTAGE

With forty (40) years of experience in the textile market together with a dynamic marketing team, Our Group has managed to carve a name to compete with other successful world renowned competitors in the textile and apparel market. Products of our apparel division include adult and children clothes, jackets, suits, blouses, shirts and sport wears.

We provide our customers with quality products and services at competitive price by following a cost-leadership strategy augmented by on time delivery. We work closely with our customers and suppliers to ensure our sourcing and processing are designed to minimise production costs.

To remain competitive in the challenging market environment and catching up with fast-changing global business trend, our Group has always believed in technology advancement by earmarking certain amount of working capital for capital expenditures purposes annually. Simultaneously, as detailed in our Corporate Responsibility Statement, we have also ensure sufficient attention and allocation be made for the training and development, as well as the well being of the employees of the Group. With the fully trained and equipped workforce, we are optimistic that our Group will be able withstand the rapid changes in commercial environment and thereby ensure the sustainability of the Group.

Chairman's Letter to Shareholders

OUR FORTHCOMING TWENTY-THIRD ("23RD") ANNUAL GENERAL MEETING ("AGM")

I wish to inform that the 23rd AGM of the Company will be held at PCCS Group Berhad's Corporate Office, Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim on Friday, 25 August 2017 at 10:30 a.m.

At the forthcoming 23rd AGM, the following resolutions shall be put forward for your consideration:-

- Our Non-Independent Non-Executive Directors, namely Dato' Chan Chor Ngiak and Mr. Chan Chor Ang are offering themselves for re-election at the 23rd AGM.

- Upon the review and recommendation of the Audit Committee, the Board will also recommended the re-appointment of Messrs. Ernst & Young as External Auditors of the Company for the financial year ending 31 March 2018.

- As per the previous financial year, the proposed total Directors' fees for the financial year ended 31 March 2017 remained at RM402,000/-.

- The Company would like to seek a general mandate for you to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("**General Mandate**"). The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting solely for such issuance and allotment of shares. This authority unless revoked or varied by the Company in a general meeting, will expire at the next AGM. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

The Board believes that the above resolutions are in the best interest of the Company and all shareholders. Therefore, the Directors unanimously recommend that you vote in favour of the above resolutions.

The 23rd AGM of the Company represents an important opportunity for all shareholders to express their views by asking questions on the above resolutions and/or any other topic relevant to our business and resolutions. As provided under the Companies Act 2016, at the forthcoming 23rd AGM, you have the right to attend, speak, participate and vote at the said Meeting, either in person or vide proxy(ies).

If you are not able to attend the 23rd AGM, you may complete the Form of Proxy in accordance with the instructions printed on the form and return it to the Share Registrar's office located at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof i.e. **on or before Wednesday, 23 August 2017 at 10:30 a.m.**

As in previous AGM, we will call for a poll on each resolution at the forthcoming 23rd AGM, which will administratively be conducted by the Poll Administrator upon the completion of deliberations on all resolutions. An independent scrutineer shall be appointed to verify and confirm the votes tabulated by the Poll Administrator.

Yours sincerely,

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

31 July 2017

Profile of Directors

JULIAN LIM WEE LIANG

Senior Independent Non-Executive Chairman
Malaysian, aged 43, Male

Date of appointment as Director	:	14 November 2011
Length of service as director since appointment (as at 31 July 2017)	:	5 years 8 months Mr. Julian was appointed as Independent Non-Executive Director on 14 November 2011 and was re-designated as Senior Independent Non-Executive Director on 22 May 2013 and subsequently appointed as Senior Independent Non-Executive Chairman on 6 June 2014.
Board Committee(s) served on	:	• Member of the Audit Committee • Chairman of the Nomination Committee
Academic/Professional Qualification(s)	:	• Bachelor Degree in University of Sheffield, United Kingdom in July 1996 • Member of the Malaysian Institute of Accountants • Fellow member of the Association of Chartered Certified Accountants
Present Directorship(s) in other Public/Listed Companies	:	He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Nil
Working experience	:	Mr. Julian worked with Arthur Andersen & Co and left in January 2000 to further his studies. Subsequently, he joined KY Siow & Co in January 2003 as Audit Manager.
Time committed	:	Mr. Julian attended all the four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

Profile of Directors

CHAN CHOO SING

Group Managing Director
Malaysian, aged 63, Male

Date of appointment as Director	:	21 June 1995
Length of service as director since appointment (as at 31 July 2017)	:	22 years 1 month Mr. Chan was appointed as the Group Managing Director of PCCS in 1995 and as Chairman of PCCS on 24 August 2004. He has relinquished his role as Chairman on 6 June 2014 but remains Group Managing Director of PCCS till today.
Board Committee(s) served on	:	Member of the Remuneration Committee
Academic/Professional Qualification(s)	:	Completed Malaysian Certificate of Education, equivalent to O-Level
Present Directorship(s) in other Public/Listed Companies	:	Mr. Chan sits on the board of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. Mr. Chan is the brother of Mr. Chan Chow Tek, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang, all of them are Directors and substantial shareholders of PCCS. He is husband of Madam Tan Kwee Kee, who is a substantial shareholder and has indirect interest of 34.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	:	Mr. Chan started his career when he ventured into a garment business known as Chan Trading in 1973. In 1981, he founded Perusahaan Chan Choo Sing Sdn. Bhd. ("**PCCSSB**"), a company primarily involved in the manufacturing of garments. His entrepreneurial skills and ability to recognise business and expansion opportunities have led to successful business ventures including the forming of a number of companies actively involved in the garment industry. PCCS, the holding company of PCCSSB and its associated companies were successfully listed on the Main Board of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 16 August 1995 as PCCS. During the period from 2001 to 2006, Mr. Chan was the Chairman of the Chinese Association in Parit Raja, Batu Pahat. He is the Honorary Member of the Rotary Club of Batu Pahat.
Time committed	:	Mr. Chan attended all the four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

Profile of Directors

CHAN CHOW TEK
Executive Director
Malaysian, aged 60, Male

Date of appointment as Director	:	21 June 1995
Length of service as director since appointment (as at 31 July 2017)	:	22 years 1 month
Board Committee(s) served on	:	Nil
Academic/Professional Qualification(s)	:	• Completed Malaysian Certificate of Education, equivalent to O-Level • Part-completion of the Higher Certificate of Education, equivalent to A-Level
Present Directorship(s) in other Public/Listed Companies	:	Mr. Chan is a director of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. Mr. Chan is the brother of Mr. Chan Choo Sing, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang, all of them are Directors and substantial shareholders of PCCS. Mr. Chan has indirect interest of 24.40% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	:	Mr. Chan leads all the marketing activities in the Group and has more than forty (40) years of experience in textile and apparel marketing and merchandising. He started his career in 1973 in marketing the products of Chan Trading to local departmental stores. In 1981, he successfully made the first export order for Perusahaan Chan Choo Sing Sdn. Bhd. and has since brought the company's export sales to greater success. He is also responsible for the development and growth of the Group's garment business. His job includes keeping abreast with the latest development in the apparel and fashion industry by frequent overseas trips to identify new and potential markets.
Time committed	:	Mr. Chan attended three (3) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

Profile of Directors

DATO' CHAN CHOR NGIAK
Non-Independent Non-Executive Director
Malaysian, aged 55, Male

Date of appointment as Director	: 21 June 1995
Length of service as director since appointment (as at 31 July 2017)	: 22 years 1 month
Board Committee(s) served on	: • Member of the Audit Committee • Member of the Remuneration Committee • Member of the Nomination Committee
Academic/Professional Qualification(s)	: Completed Malaysian Certificate of Education, equivalent to O-Level
Present Directorship(s) in other Public/Listed Companies	: Dato' Chan is a director of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	: Dato' Chan is a substantial shareholder of the Company effective from 20 June 1995. Dato' Chan is the brother of Mr. Chan Choo Sing, Mr. Chan Chow Tek and Mr. Chan Chor Ang, all of them are Directors and substantial shareholders of PCCS. Mr. Chan has indirect interest of 18.40% in the equity of Setia Sempurna Sdn. Bhd. a major shareholder of PCCS.
Working experience	: Dato' Chan started his carreer in 1980 in marketing the products of Chan Trading to local department stores. Dato' Chan has continuously established connections with many business executives in the Chamber of Commerce and Associations. He is the Honorary Vice Chairman of the Chinese Chamber of Commerce in Batu Pahat, the Chairman of the Chinese Association in Parit Raja, Batu Pahat, the Vice-Chairman of the Chinese Association in Johor State. The Sultan of Pahang on his eighty-first (81^{st}) birthday conferred the "Darjah Indera Mahkota Pahang (D.I.M.P.)" to him that carries the prestigious title of Dato'.
Time committed	: Dato' Chan attended all the four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

Profile of Directors

CHAN CHOR ANG

Non-Independent Non-Executive Director
Malaysian, aged 54, Male

Date of appointment as Director	:	21 June 1995
Length of service as director since appointment (as at 31 July 2017)	:	22 years 1 month
Board Committee(s) served on	:	Nil
Academic/Professional Qualification(s)	:	Complete Junior Middle Three in Chinese High School
Present Directorship(s) in other Public/Listed Companies	:	Mr. Chan is a director of several private limited companies. He does not have any directorships in other public company and listed company.
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is a substantial shareholder of the Company effective from 20 June 1995. Mr. Chan is the brother of Mr. Chan Choo Sing, Dato' Chan Chor Ngiak and Mr. Chan Chow Tek, all of them are Directors and substantial shareholders of PCCS. Mr. Chan has indirect interest of 14.00% in the equity of Setia Sempurna Sdn. Bhd., a major shareholder of PCCS.
Working experience	:	Mr. Chan joined Perusahaan Chan Choo Sing Sdn. Bhd. in 1981 and was transferred to Jusca Garments Sdn. Bhd. as the Factory Manager in 1985. He has more than thirty (30) years of experience in the textile and garment industry.
Time committed	:	Mr. Chan attended three (3) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

Profile of Directors

PIONG YEW PENG

Independent Non-Executive Director
Malaysian, aged 47, Male

Date of appointment as Director	:	1 April 2015
Length of service as director since appointment (as at 31 July 2017)	:	2 years 4 months
Board Committee(s) served on	:	• Chairman of the Audit Committee • Chairman of the Remuneration Committee • Member of the Nomination Committee
Academic/Professional Qualification(s)	:	• Bachelor of Business (Accounting) from RMIT University, Melbourne, Australia • Member of the Malaysian Institute of Accountants • Fellow member of the Certified Practising Accountants (CPA), Australia
Present Directorship(s) in other Public/Listed Companies	:	SWS Capital Berhad
Family relationship with any Director and/or major shareholder of the Company	:	Nil
Working experience	:	Mr. Piong has more than twenty (20) years of experience in providing audit services to wide range of clients. He is actively involved in assisting clients in Initial Public Offering (IPO), merger and acquisition, and other corporate exercises. He regularly provides value added services to update clients in financial reporting standards, listing requirements, and tax planning advisory.
Time committed	:	Mr. Piong attended all the four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

Note:

1) Other than traffic offences, if any, none of the Directors have any convictions for offences within the past five (5) years and any public sanction or pernalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2017.

2) None of the Directors have any conflict of interest with the Company.

Profile of Key Senior Management

CHAN WEE KIANG

Deputy Group General Manager
Malaysian, aged 39, Male

Date of appointment as Deputy Group General Manager	:	30 March 2008
Length of service as Deputy Group General Manager since appointment (as at 31 July 2017)	:	9 years 4 months
Academic/Professional Qualification(s)	:	Bachelor of Accounting & Finance, Monash University, Clayton Campus, Melbourne, Australia
Present Directorship(s) in other Public/Listed Companies	:	Nil
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is the son of Mr. Chan Choo Sing, who is a Director and substantial shareholders of PCCS, and Madam Tan Kwee Kee, who is a substantial shareholder.
Working experience	:	Mr. Chan started his career in Perusahaan Chan Choo Sing Sdn. Bhd. as a Marketing Executive since 2002 and subsequently being promoted as Marketing Manager in year 2003. In year 2007, Mr. Chan was appointed as Group Marketing Manager in PCCS and subsequently promoted as Deputy Group General Manager in year 2008.
List of convictions for offences	:	Other than traffic offences, if any, Mr. Chan does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2017.
Conflict of Interest	:	Nil

Profile of Key Senior Management

TANG LAI HUAT
Financial Controller
Malaysian, aged 34, Male

Date of appointment as Financial Controller	: 1 September 2016
Length of service as Financial Controller since appointment (as at 31 July 2017)	: 11 months
Academic/Professional Qualification(s)	: Doctorate Degree in Business Administration (Accounting & Finance), International American University Certificate in Financial Strategies for Cross Border Expansion from Harvad Business School
Present Directorship(s) in other Public/Listed Companies	: Nil
Family relationship with any Director and/or major shareholder of the Company	: Nil
Working experience	: Mr. Tang began his career as an audit assistant in LNB Management Consultancy and he was the Financial Controller of LimKokWing University of Creative Technology before he joined the Company in year 2013 and served as General Manager of Finance & Account. The past working experiences of Mr. Tang were as follows:- 2016 to current – Financial Controller (PCCS Group Berhad) 2013 to 2016 – General Manager of Account & Finance (JIT Textiles Limited) 2012 to 2013 – Financial Controller (LimKokWing University of Creative Technology) 2010 to 2011 – Financial Controller (Delano Furniture Industries (M) Sdn. Bhd.) 2008 to 2009 – Director (Ci Xin Enterprise Limited) 2006 to 2007 – Finance Admin Assistant Manager (Eng Lian Hup Trading Sdn. Bhd. and Engtex Group Berhad) 2004 to 2005 – Finance Executive (Pechem Industries Sdn. Bhd.) 2002 to 2004 – Audit Assistant (LNB Management Consultancy)
List of convictions for offences	: Other than traffic offences, if any, Mr. Tang does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2017.
Conflict of Interest	: Nil

Profile of Key Senior Management

CHAN WEE BOON

General Manager for Label and Sticker Division
Malaysian, aged 37, Male

Date of appointment as Group General Manager for Label and Sticker Division	:	1 July 2014
Length of service as Group General Manager for Label and Sticker Division since appointment (as at 31 July 2017)	:	3 years 1 month
Academic/Professional Qualification(s)	:	Bachelor of Civil Engineering, Monash University, Clayton Campus, Melbourne, Australia
Present Directorship(s) in other Public/Listed Companies	:	Nil
Family relationship with any Director and/or major shareholder of the Company	:	Mr. Chan is the son of Mr. Chan Choo Sing, who is a Director and substantial shareholders of PCCS and Madam Tan Kwee Kee, who is a substantial shareholders of PCCS.
Working experience	:	Mr. Chan started his career in China as Project Manager in 2004. In year 2010, he joined Mega Labels & Stickers Sdn. Bhd. as General Manager and subsequently being promoted as Group General Manager for Label Division in year 2014. The past work experiences of Mr. Chan were as follows:- 2014 to current – Group General Manager (Label Division) 2010 to 2014 – General Manager (Mega Labels & Stickers Sdn. Bhd.) 2008 to 2010 – Assistant General Manager (Trio Paper Mill Sdn. Bhd.) 2005 to 2007 – Marketing Manager, South China (Guangdong Haohe Construction Pte. Ltd.) 2004 to 2005 – Project Manager (Blopak China Private Ltd.)
List of convictions for offences	:	Other than traffic offences, if any, Mr. Chan does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies during financial year ended 31 March 2017.
Conflict of Interest	:	Nil

Corporate Information

BOARD OF DIRECTORS

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

Chan Choo Sing
Group Managing Director

Chan Chow Tek
Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

Chan Chor Ang
Non-Independent Non-Executive Director

Piong Yew Peng
Independent Non-Executive Director

AUDIT COMMITTEE

Piong Yew Peng (Chairman)
Independent Non-Executive Director

Julian Lim Wee Liang
Senior Independent Non-Executive Chairman

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Julian Lim Wee Liang (Chairman)
Senior Independent Non-Executive Chairman

Piong Yew Peng
Independent Non-Executive Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Piong Yew Peng (Chairman)
Independent Non-Executive Director

Chan Choo Sing
Group Managing Director

Dato' Chan Chor Ngiak
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Cheng Chia Ping (MAICSA 1032514)

REGISTERED OFFICE

LOT 1376, GM 127,
Mukim Simpang Kanan, Jalan Kluang,
83000 Batu Pahat, Johor Darul Takzim
Tel No : 07-456 8866
Fax No : 07-456 8860

REGISTRAR

Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel No : 03-2084 9000
Fax No : 03-2094 9940 / 2095 0292

Corporate Information

AUDITORS

Ernst & Young
Chartered Accountants
Level 16-1, Jaya 99, Tower B,
99 Jalan Tun Sri Lanang,
75100 Melaka

SOLICITORS

Enolil Loo
Advocates & Solicitors
M-2-9 Plaza Damas,
60 Jalan Sri Hartamas 1,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan

PRINCIPAL BANKERS

- Malayan Banking Berhad (3813-K)
- Standard Chartered Bank Malaysia Berhad (115793-P)
- United Overseas Bank (Malaysia) Berhad (271809-K)

SUBSIDIARY COMPANIES

- Ample Apparels Limited
- Beauty Apparels (Cambodia) Ltd
- Beauty Electronic Embroidering Centre Sdn. Bhd. (102438-U)
- Beauty Silk Screen (M) Sdn. Bhd. (583304-X)
- Beauty Silk Screen Limited
- JIT Embroidery Limited
- JIT Textiles Limited
- Jusca Garments Sdn. Bhd. (135950-M)
- Keza Sdn. Bhd. (138288-U)
- Keza (Cambodia) Limited
- Mega Labels & Stickers Sdn. Bhd. (190144-X)
- Mega Label (Malaysia) Sdn. Bhd. (533197-U)
- Mega Labels & Stickers (Cambodia) Co., Ltd.
- PCCS Garments Limited
- PCCS Garments (Suzhou) Ltd.
- PCCS Garments Wuhan Limited
- PCCS (Hong Kong) Limited
- Perusahaan Chan Choo Sing Sdn. Bhd. (70765-W)
- Perfect Seamless Garments (Cambodia) Limited
- Thirty Three (Hong Kong) Limited
- Thirty Three (Shanghai) Limited
- Thirty Three Trading Sdn. Bhd. (391830-P)
- Yuxing Apparel Suqian Limited

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

CORPORATE WEBSITE

http://www.pccsgroup.net/

Audit Committee Report

The Board of Directors of PCCS Group Berhad is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 March 2017.

A. COMPOSITION

Directors	Designation	Directorship
Piong Yew Peng	Chairman	Independent Non-Executive Director
Julian Lim Wee Liang	Member	Senior Independent Non-Executive Chairman
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director

The Independent Non-Executive Directors satisfied the test of independence under Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and also meets the requirements of Malaysian Code on Corporate Governance 2012.

The Chairman of the Audit Committee, Mr. Piong Yew Peng is an Independent Non-Executive Director. In this respect, the Company complies with Paragraph 15.10 of the Main LR of Bursa Securities.

In addition, Mr. Piong Yew Peng and Mr. Julian Lim Wee Liang, being members of the Malaysian Institute of Accountants (MIA), fulfil the requirement of Paragraph 15.09(1)(c) of the Main LR of Bursa Securities.

The performance of the Audit Committee and each of its members were reviewed by the Board and was satisfied that they are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

B. ATTENDANCE

A total of four (4) Audit Committee meetings were held during the financial year ended 31 March 2017. Details of attendance at Audit Committee during the financial year ended 31 March 2017 were as follows:-

Directors	Attendance	%
Piong Yew Peng (Chairman)	4 out of 4	100
Julian Lim Wee Liang	4 out of 4	100
Dato' Chan Chor Ngiak	4 out of 4	100

C. SUMMARY OF WORK

The works of the Audit Committee were primarily in accordance with its duties, as set out in its Terms of Reference. The main works undertaken by the Audit Committee during the financial year ended 31 March 2017 were as follows:-

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarter ended 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017 and recommend the same to the Board of Directors for approval;

Audit Committee Report

C. SUMMARY OF WORK (CONT'D)

1. Overview of Financial Performance and Reporting (Cont'd)

- Reviewed the draft audited financial statements for the financial year ended 31 March 2016 and recommend the same to the Board of Directors for approval;
- Reviewed the identified significant matters pursuant to Paragraph 15.12(1)(g)(ii) of the Main LR of Bursa Securities which took effect on 1 July 2016; and
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board of Directors for approval;
- Discussed and reviewed with the External Auditors, the scope of work and audit plan for the financial year ended 31 March 2017, including any significant issues and concerns arising from the audit;
- Met twice with the External Auditors without the presence of the Executive Board/Employees to discuss issue of concern to the External Auditors arising from the annual statutory audit;
- Reviewed the revised Terms of Reference of the Audit Committee; and
- Reviewed the audit fees prior to the Board of Directors for approval.

3. Oversight of Internal Audit ("IA")

- Reviewed the IA Reports for the financial year ended 31 March 2017 and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board of Directors for approval;
- Reviewed the adequacy and performance of the IA function and its comprehensive coverage of the Group's activities; and
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.
- Recommended to the Board the adoption of an IA Charter.

4. Oversight of Risk Management Working Group and Function

- Monitored the formation of Risk Management Working Group and reviewed the report prepared progress of updating the Risk Registry.

5. Review of Related Party Transactions

- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the questions on management integrity.

C. SUMMARY OF WORK (CONT'D)

6. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the Audit Committee Meetings; and
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2016.

D. IA FUNCTION

(1) Appointment

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"). The outsourced Internal Auditors report directly to the Audit Committee, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the IA function. The purpose of the IA function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

(2) IA Activities

The IA reporting format can broadly be segregated into five (5) main areas as follow:-

(a) IA Plan of the Group

At the beginning of the financial year, the IA Plan of the Group is presented to the Audit Committee by Sterling for discussion and approval. The Audit Committee would then recommended the same to the Board of Directors for adoption.

(b) Regular IA Reports

IA reports are reviewed and adopted by the Audit Committee on a quarterly basis. During the financial year, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

For the financial year ended 31 March 2017, the following subsidiaries of the Group were audited by Sterling:-

Name of Entities audited by Sterling	Date of IA Report
Mega Label (Malaysia) Sdn. Bhd.	26 August 2016
JIT Textiles Limited	21 November 2016
JIT Textiles Limited	22 February 2017

D. IA FUNCTION (CONT'D)

(2) IA Activities (Cont'd)

(c) Follow-up Reports

In addition, the Internal Auditors followed-up on the implementation of recommendations from previous cycles of IA and updated the Audit Committee on the status of Management-agreed action plan.

For the financial year ended 31 March 2017, Sterling has presented their status report: follow-up actions on previously reported audited findings in respect of the following subsidiaries of the Group:-

Name of Entities followed-up by Sterling	Date of IA Status Report
JIT Textiles Limited	27 May 2016
Apparels Division in Cambodia	27 May 2016
JIT Textiles Limited	26 August 2016
Mega Label (Malaysia) Sdn. Bhd.	21 November 2016
Apparels Division in Cambodia	21 November 2016
JIT Textiles Limited	22 February 2017

(3) Total costs incurred for the financial year

The total costs incurred for the IA function of the Group for the financial year ended 31 March 2017 was RM41,000/- (2016: RM56,000/-).

(4) IA Charter

The Board noted that pursuant to Paragraph 15.12(1)(e) and (f) of the Main LR of Bursa Securities, the Audit Committee is required to review and report to the Board of Directors the following in respect of IA:-

(a) The adequacy of the scope, functions, competency and resources of the IA functions and that it has the necessary authority to carry out its work; and

(b) The IA programme, processes, the results of the IA programme, processes or investigation undertake and whether or not appropriate action is taken on the recommendations of the IA function.

During the financial year ended 31 March 2017, in order to enable the Audit Committee to discharge its abovementioned roles, the Audit Committee has recommended to the Board the adoption of an IA Charter.

D. IA FUNCTION (CONT'D)

(4) IA Charter (Cont'd)

The Proposed IA Charter contained the following key items:-

- Objectives and scope of work of Internal Auditors;
- Outsourced IA Function;
- Terms of Reference for IA Function;
- Authority limit;
- Reporting procedures;
- Objectivity and independence;
- IA Function Administration;
- Oversight functions of the Audit Committee in relation to IA Function; and
- Frequency of the review of IA Charter.

Upon review, the Board has approved for the IA Charter to be adopted with effect from 27 May 2016.

(5) Review of IA Function

With the newly adopted IA Charter to serve as a guiding document, the Audit Committee has performed a review on the IA Function during the financial year ended 31 March 2017. For the financial year ended 31 March 2017, the Audit Committee concluded that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

Statement on Corporate Governance

"Trust is the glue of life.

It is the most essential ingredient in effective communication. It is the foundational principle that holds all relationships. When the trust account is high, communication is easy, instant, and effective."

Inspirational quote by Stephen R. Covey, motivational writer

Drawing the inspiration from Mr. Stephen R. Covey, the Board of Directors of PCCS Group Berhad ("**the Board**") wish to instill trust amongst its stakeholders by adopting good corporate governance practices. The Board recognises the importance of practice high standards of corporate governance throughout the Group as a basis of discharging their fiduciary duties and responsibilities to protect and enhance shareholders' value and the performance of the Group. The Board continued its commitment to report on the manner in which the Principles and Recommendations of Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") are applied under the stewardship of the Board, throughout the financial year ended 31 March 2017.

This statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(1) Clear Functions reserved for the Board and those delegated to Management

The Board

The Board has six (6) members comprising one (1) Senior Independent Non-Executive Chairman, one (1) Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. The individual profile of the Directors is available for viewing at Pages 8 to 13 of this Annual Report.

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board has established a Board Charter to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. In addition, the Board will also agrees with the Management, the corporate objectives, which include performance targets during the review of yearly budget, to be met by the Management.

The matters reserved for the Board's decision are listed in the Board Charter of the Company, a copy of which is available on its corporate website: http://www.pccsgroup.net/.

As a summary, certain reserved items for the Board's review include strategic issues and planning, material acquisition and disposal of assets, capital expenditure, Risk Management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(1) Clear Functions reserved for the Board and those delegated to Management (Cont'd)

Board Committees

The Board has also delegated certain responsibilities to other Board Committees, which operate within clearly defined terms and reference ("**TOR**"). Standing committees of the Board include the Audit Committee ("**AC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"). The Board receives reports at the Board Meeting from the Chairman of each committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board as whole.

Senior Management Team

The Board is duly assisted by the Management of the Company, namely the Senior Management Team. The Senior Management Team consists of senior employees holding the following positions:-

(i) Deputy Group General Manager – Mr. Chan Wee Kiang;
(ii) Financial Controller – Mr. Tang Lai Huat; and
(iii) General Manager for Label and Sticker Division – Mr. Chan Wee Boon.

The individual profile of the Key Senior Management Team is available for viewing at Pages 14 to 16 of this Annual Report.

The principal responsibilities of the Senior Management Team are as follows:-

- Developing, coordinating and implementing business and corporate strategies for the approval of the Board;
- Implementing the policies and decisions of the Board;
- Overseeing the day-to-day operations of the Group;
- To participates in various management committees or working committees for the effective discharge of duties and functions;
- Relevant member(s) of the Senior Management Team will be invited to attend Board and/or Board Committees meetings to advise and furnish the Board and/or Board Committees with information, report, clarifications as and when required on the agenda items to be tabled to the Board and/or Board Committees, to enable the Board and/or Board Committees to arrive at a decision.

(2) Clear Roles and Responsibilities of the Board

To ensure the effective discharge of functions and duties, the primary responsibilities of the Board include (but are not limited to) the following:-

(a) Reviewing and adopting a strategic plan for the Company

The Board plays an active role in reviewing the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to the Management.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(2) Clear Roles and Responsibilities of the Board (Cont'd)

(a) Reviewing and adopting a strategic plan for the Company (Cont'd)

For the financial year ended 31 March 2017 and up to the date of this Annual Report, the Board has discharged of the following principal duties and responsibilities on the affairs of the Company and its subsidiary companies of the Group:-

(i) Strategic Planning – New Investments

The subsidiary of the Company, PCCS Garments (Suzhou) Limited, had on 13 June 2016, incorporated a wholly-owned subsidiary company in China under the name of Yuxing Apparel Suqian Limited ("**YASL**") and the principal activity of YASL is manufacturing and trading of apparels, fashion accessories, fabric materials and other products.

The subsidiary of the Company, PCCS (Hong Kong) Limited ("**PHKL**"), had on 21 June 2017 acquired shares of Ample Apparels Limited ("**AAL**") and the result from the aforesaid acquisition, AAL becomes a 60% sub-subsidiary of the Company. The principal activity of AAL is trading of apparels.

(ii) Strategic Planning – Disposal of Subsidiaries

The Company had on 14 December 2016 disposed of the entire issued and paid-up share capital of Shern Yee Garments Sdn. Bhd. ("**SYG**") and upon completion of the aforesaid disposal, SYG has ceased to be wholly-owned subsidiary of PCCS and consequently, the 70%-owned subsidiary of SYG, Global Apparels Limited ("**GAL**"), has also ceased to be a sub-subsidiary of the Company.

(iii) Proposed Rights Issue of Shares with Warrants and Proposed Exemption

The Company had on 5 June 2017 announce that the Company proposes to implement the Proposed Rights Issue of Shares with Warrants and Proposed Exemption with the aim to raise capital without incurring interest costs as opposed to other means of financing.

Then, the Company had on 22 June 2017 submitted to Bursa Securities the additional listing application for the Proposed Rights Issue of Shares with Warrants.

Bursa Securities has, vide its letter dated 11 July 2017, approved the Proposed Rights Issue of Shares with Warrants. The Company is in the midst of preparing the circular in relation to the Proposed Rights Issue of Shares with Warrants and Proposed Exemption to be issued to the shareholders.

(b) Overseeing the conduct of the Company's business

The Senior Management Team are responsible for the day-to-day management and operation of the Company and the Group.

The Board monitors the performance of Management on a regular basis vide the insertion of the following permanent agenda items in the Board Meetings:-

- "To review the Group's performance for the quarterly financial period"; and
- "To discuss the report on the Group's latest business developments."

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(2) Clear Roles and Responsibilities of the Board (Cont'd)

(b) Overseeing the conduct of the Company's business (Cont'd)

Any enquiries/concerns raised by the Board members in relation to the abovementioned agenda items would be clarified by a member of the Senior Management Team.

During the financial year ended 31 March 2017, the Board has held two (2) video-conference meetings with the Cambodia Operation Management team to discuss on the issues pertinent to the Group's Cambodian operations.

(c) Identification of principal risks and implementation of appropriate internal controls and mitigation measures

The AC has been entrusted by the Board to identify, evaluate, monitor and manage any relevant major risk faced by the Group so that the Group will achieve its business objectives. However, the Board as a whole remains responsible for all the actions of the AC with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's annual reports.

In conjunction with the adoption of the Risk Management Handbook, a Performance Management Review Team ("**PMRT**") comprising selected key management personnel has been established to review, highlight and report significant risks to the AC.

During the financial year ended 31 March 2017, the Board vide the AC has formed a Risk Management Working Group ("**RMWG**") together with PMRT to discharge the Risk Management function of the Group on behalf on the Board. The PMRT is reporting to RMWG in respect of the identified risks and RMWG will report directly to the AC.

RMWG

Reporting directly to the AC on matters in relation to the risk management function of the Group, the RMWG is, chaired by Mr. Chan Wee Kiang, the Deputy Group General Manager, and comprised the following key management personnel:-

Office	Name(s)
Chairman	Chan Wee Kiang
Leader	Tang Lai Huat
Secretary	Andrew Wong Chau Shang
Members	Chan Wee Boon, Chen Tian Shen, Goh King Swee, Lim Bok Sze, Chong Cher Kung, Yap Chiou Ern, Lee Hui Cheng, Sim Sian Ling, Soh Lian Pau, Lim Tuck Yee, Tan Soo Ching

For the financial year ended 31 March 2017, the RMWG has held one (1) meeting and met once with the Board to present the Registry of Risk for the PCCS Corporate Level, Apparels Division (Malaysia, Cambodia and China) and Labels & Stickers (Malaysia & Cambodia).

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(2) Clear Roles and Responsibilities of the Board (Cont'd)

(c) Identification of principal risks and implementation of appropriate internal controls and mitigation measures (Cont'd)

PMRT

In conjunction with the adoption of the Risk Management Handbook, a PMRT comprising selected key management personnel has been established to review, highlight and report significant risks to the RMWG.

Headed by Mr. Chan Choo Sing, the Group Managing Director, the PMRT is a high level management team comprising senior management personnel from various Divisions/ Departmental level of the Group, across three (3) country of operations i.e. Malaysia, Cambodia and People's Republic of China:-

Office	Name(s)
Chairman	Chan Choo Sing
Leader	Tan Kwee Kee
Secretary	Matt Teo Bee San and Teo Lee Ping
Members	Chan Chow Tek, Dato' Chan Chor Ngiak, Chan Chor Ang, Chan Wee Kiang, Chan Wee Boon, Png Kim Leng, Federico Galimberti, Tang Lai Huat Malaysia: Lim Bok Sze, Lee Hui Cheng and Soh Lian Pau People's Republic of China: Chen Tian Shen and Sim Sian Ling Cambodia: Chong Cher Kung, Danny Koh Tain Siang, Lim Tuck Yee, Tan Soo Ching

The PMRT will be meeting on a quarterly basis or more frequent as and when the need arises to discuss on the operational issues faced by the Group, which, inter alia, include risk matters as the majority of them were the risk owners assigned for individual identified risks. As the risk owners, the designated PMRT members would bring up risk issues arising thereof, including but not limited to the relevant risk mitigation measures undertaken/ monitored by them. The Chairman or Leader of the PMRT would normally be invited to the meeting of RMWG to convey the risk findings/ performance of the PMRT. The RMWG would in turn escalate the matter to the attention of the AC at RMWG meeting with the AC.

For the financial year ended 31 March 2017, the PMRT has held three (3) meetings to update the Registry of Risk for the Group.

Board's Duty on Risk Matters

During the financial year ended 31 March 2017, upon the recommendation of the AC, the Board has reviewed Registry of Risk for the PCCS Corporate Level, Apparels Division (Malaysia, Cambodia and China) and Labels & Stickers Division (Malaysia & Cambodia) to ensure the major risks and risk owners be identified, and the relevant risk mitigation measures be taken to minimise and/or address the risks concerned.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(2) Clear Roles and Responsibilities of the Board (Cont'd)

(d) Succession Planning

The Board, through the NC, is responsible for the succession planning of the Directors of the Company and Group.

During the financial year ended 31 March 2017, the Board adopted the Succession Planning Policy for the Group to ensure the Group's continuity in leadership for all key positions.

The Board recognises that succession planning is an ongoing process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring, training and job rotation for high level management positions that become vacant due to retirement, resignation, death or disability and/or new business opportunities.

As part of the agenda item of "To discuss the report on the Group's latest business development", the Group Managing Director ("**MD**") would brief on the Group Human Resources ("**HR**") updates, in particular, the impending appointments and/or resignations/retirements of senior management staff, including overseas subsidiaries, to ensure all succession issue in respect to any vacant of senior management positions be addressed.

During financial year ended 31 March 2017, the Company recruited a new Financial Controller to head the Finance Department in place of the outgoing Group Finance and Accounts Manager.

A copy of the Succession Planning Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(e) Overseeing the development and implementation of a shareholder communications policy for the company

The Board is aware of commitment to enhance long term shareholder's value through regular communication with all its shareholders, regardless of individual or institutional investors.

In consequence thereto, the Board view that Clause 6 of the Board Charter which governs the "Board-Shareholders' Relationship", has, to a certain extent, serves as guide to the Board on the strategy to communicate the Corporate's vision and mission, strategies, development, financial plans and prospects to shareholders.

(f) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems

The Board has established key control processes to ensure there is a sound framework of reporting on internal controls and regulatory compliance. Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.

The AC has been delegated by the Board to review the adequacy and integrity of the Group's internal control systems and management information systems. The AC has in turn entrusted the outsourced Internal Auditors, namely Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"), to carry out such tasks and the same be incorporated as part of the Internal Audit Plan of the year to be adopted. The Internal Auditors are required to report to the AC with their findings and recommendations on the status of the internal control system of the Group on a quarterly basis.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(3) Code of Conduct

The Group has in place a Group's Code of Conduct ("**COC**") that is applicable to the Board, the Management and the employees of the Group. In the course of establishing the COC, the Board recognises the importance to promote and reinforce ethical standards throughout the Group. Moving forward, the Company will continuously support, promote and ensure compliance to the COC. Furthermore, the Company will strive to ensure that our consultants, agents, partners, representatives and others performing works or services for or on behalf of the Company comply with the COC.

A copy of the COC is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

Whistle Blowing Policy

Whistleblowing is a specific means by which an employee/officer or stakeholder can report or disclose through the following established channels, concerns about any violation of the COC, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in future.

During the financial year ended 31 March 2017, the Board had established a Whistle Blowing Policy with the following objectives:-

a) Provide an avenue for all employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders;

b) Provide proper internal reporting channel to disclose any improper or unlawful conduct in accordance with the procedures as provided for under this policy;

c) Address a disclosure in an appropriate and timely manner;

d) Provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and

e) Treat both the whistleblower and the alleged wrongdoer fairly.

A copy of the Whistle Blowing Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

Communication and Feedback Channels

Report(s) can be made verbal or in writing and forwarded in a sealed envelope to the AC Chairman/Senior Independent Non-Executive Chairman/Group MD/Head of Human Resources/Deputy Group General Manager ("**DGM**") only (where applicable):-

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(3) Code of Conduct (Cont'd)

Communication and Feedback Channels (Cont'd)

For matters relating to financial reporting, unethical or illegal conduct, one can report directly to the following designated person: **(1) AC Chairman** Mr. Piong Yew Peng at piongyewpeng@gmail.com; or **(2) Senior Independent Non-Executive Chairman** Mr. Julian Lim Wee Liang at julianlim@pccsgroup.net; or **(3) Group MD** Mr. Chan Choo Sing at cschan@pccsgroup.net.
For Employment-related concerns, one can report directly to the following designated person: **(1) Head of Human Resources** Mr. Matt Teo Bee San at mattteo@pccsgroup.net; or **(2) DGM** Mr. Chan Wee Kiang at davidchan@pccsgroup.net.

(4) Promote Sustainability

The Board views the commitment to sustainability and Environmental, Social and Governance ("**ESG**") performance as part of its broader responsibility to clients, shareholders and the communities in which it operates.

The Board also recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals.

(a) Environmental Aspect – *Occupational Safety, Health, and Environmental ("OSHE") Policy*

The Board has established an OSHE Policy to ensure the Group operates its business activities with full commitment in achieving environmental, occupational safety and health excellence. The Board believes that a workplace that is ecologically harmless and accident-free would promote physical and emotional health. In return, the Board envisages enhancement in employees' productivity, efficiency and quality.

During the financial year ended 31 March 2017, one (1) meeting was held and attended by the OSHE Committee on 4 May 2016 to discuss the safety issues and other factory issues.

The Company has also conducted chemical spill training and fire drill training in February 2016 and March 2016, respectively.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(4) Promote Sustainability (Cont'd)

(b) Social Aspect – *Corporate Responsibility ("CR")*

The Board recognises the importance of CR whilst pursuing its corporate goals.

A summary of the CR activities undertaken for the financial year ended 31 March 2017 is set out in the Corporate Responsibility Statement in this Annual Report.

(c) Governance Aspect – *Quality Certifications*

The Board strongly believes in maintaining the quality of its products and services, and the safety of its processes. As such, the Group has established its standard operating procedures ("**SOP**"), which encompass all work processes to enable its employees to perform the task in a consistent manner.

Mega Labels & Stickers Sdn. Bhd. and Mega Label (Malaysia) Sdn. Bhd., the key subsidiaries under the Group's Labels Printing Division have both obtained dual quality certifications as follow:-

Certification	Scope of work
ISO 9001:2008	Production & Printing of Labels, Stickers and Related Products
ISO 14001:2004	Production & Printing of Labels, Stickers and Related Products

(d) Group Sustainability

The Board recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals.

The Group has adopted the "*Group Believes - that Skilled is a Valuable Asset*" that would underpin the sustainability as well as future success of the Group.

The Group continues to invest in its staff through continuous trainings to develop in-house capability and also maintaining a united workforce that would assist the Group in realising its goals and objectives.

(5) Access to Information and Advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the company secretaries, internal auditors and external auditors and, may seek advice from the management on issues under their respective purview.

For each Board meeting, notice calling the meeting is issued at least seven (7) days in advance of the meeting and the Directors are provided at least three (3) days in advance of the meeting with the relevant agenda detailing the matters to be transacted at the meeting and the Board papers detailing the key issues so that the Directors have ample time to review and consider the relevant information.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(5) Access to Information and Advice (Cont'd)

The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the Management to enable the Board to discharge its duties in relation to the matters being deliberated.

In line with Recommendation 1.5 of the MCCG 2012, the Board has established the following protocol for its members, outlining the procedures for the Board to gain access to information and advice from professional advisory services with effect from 27 May 2016:-

Protocol for seeking of professional advisory services

Where applicable, the Directors whether as a full Board or in their individual capacity, are encouraged to seek independent professional advice from the following parties:-

- For corporate and/or governance matters, the external Company Secretaries;
- For audit and/or audit-related matters, any representatives of the audit engagement team of the External Auditors or the outsourced Internal Auditors;
- For any other specific issues where professional advice is required to enable the Board to discharge its duties in connection with specific matters, the Board may proceed to do so, upon the approval of the Chairman, in relation to the quantum of fees to be incurred.

The Directors have unrestricted access to independent professional advice as well as the advice and services of the Company Secretaries and External Auditors and, may seek advice from the Management on issue under their respective purview.

For the financial year ended 31 March 2017, the Board sought advices from the external Company Secretaries, the External Auditors and the advisers on the Proposed Rights Issue of Shares with Warrants and Proposed Exemption.

(6) Qualified and Competent Company Secretaries

The appointment and removal of the Company Secretaries is a matter for the Board. All Directors have unrestricted access to the advice and services of the Company Secretaries, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:-

- Statutory duties as required under the Companies Act 2016, Main LR of Bursa Securities, Capital Market and Services Act, 2007;
- Facilitating and attending Board and Board Committees Meetings, respectively;
- Ensuring that Board and Board Committees Meetings are properly convened and the proceedings are properly recorded;
- Ensuring timely communications of the Board level decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time on timely manner and ensuring adherence to Board policies and procedures;

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(6) Qualified and Competent Company Secretaries (Cont'd)

- Facilitating the conduct of the assessment to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committees' notation;
- Assisting the Board with the preparation of announcements for release to Bursa Securities and Securities Commission Malaysia, where applicable; and
- Rendering advice and support to the Board and Management.

Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") and are qualified to act as Company Secretaries under Section 235(2)(a) of the Companies Act 2016.

The brief profile of the Company Secretaries are as follows:-

Ms. Chua Siew Chuan, FCIS

Ms. Chua has been elected as a Fellow Member of the MAICSA since 1997. She has more than thirty-five (35) years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is the Immediate Past President of MAICSA and currently is the Chairman of the Technical & Professional Practice Committee and Deputy Chairman of the Membership Committee of MAICSA.

Ms. Chua is a Chartered Secretary by profession. She is the MD of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.

Ms. Chua has been appointed as Company Secretary of the Company since 20 June 1995.

Mr. Cheng Chia Ping, ACIS

Mr. Cheng has been elected as an Associate Member of the MAICSA since 2012. He has more than ten (10) years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations.

Mr. Cheng is a Chartered Secretary by profession. He is a Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Mr. Cheng is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.

Mr. Cheng has been appointed as Company Secretary to the Group with effect from 31 March 2017.

The Board recognises that the Senior Independent Non-Executive Chairman is entitled to the strong and positive support of the Company Secretaries in ensuring the effective functioning of the Board. As a matter of practice, the Company Secretaries shall prepare the chairman's proceedings to assist the Senior Independent Non-Executive Chairman with the orderly conduct of the general meetings of the Company.

The Board is satisfied with the support rendered by the Company Secretaries to the Board in the discharge of its roles and responsibility. The Company Secretaries play an advisory role to the Board on the Company's contribution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

(7) Board Charter

The Board Charter of the Company was established on 31 July 2014. In the course of establishing a Board Charter, the Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations.

The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.

The Board Charter acts as a source of reference for Board members and Management, and the same is accessible to the public on the Company's corporate website. The Board Charter entails the following:-

- Board Governance Process
- Role of the Board and Board Committees
- Board-Management Relationship
- Board-Shareholders Relationship
- Stakeholders Relationship
- Commitment on Corporate Governance

The Board Charter is to be regularly reviewed by the Board as and when required. As at the date of this Annual Report, the Board Charter has not been reviewed by the Board since its establishment as the Board viewed that the Board Charter is suffice for the Board, Board Committees and the Management to carry out their roles and responsibilities.

The Board Charter has been scheduled for a review in the coming financial year ending 31 March 2018.

A full copy of the Board Charter is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(II) STRENGTHEN COMPOSITION

(1) Board Committees

The Board has in place the following Board Committees to assist in carrying out its fiduciary duties:-

(a) AC;
(b) NC; and
(c) RC.

All of these Committees have written TOR clearly outlining their objectives, duties and power. The final decision on all matters are determined by the Board as a whole.

(2) AC

The AC was set up on 7 February 2002 with current TOR revised on 27 May 2016.

The membership of the AC are stated in the AC Report of this Annual Report. A summary of works of the AC to discharge their duties during the financial year ended 31 March 2017 is set out in the AC Report of this Annual Report.

A copy of the TOR of the AC is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC

The NC was set up on 7 February 2002 with current terms of reference revised on 27 May 2016. The NC comprises exclusively of Non-Executive Directors, majority being Independent Non-Executive Directors, i.e. two (2) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Directors as follows:-

NC	Designation	Directorate	Number of NC Meeting attended / held in the financial year ended 31 March 2017
Mr. Julian Lim Wee Liang	Chairman	Senior Independent Non-Executive Chairman	1/1
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director	1/1
Mr. Piong Yew Peng	Member	Independent Non-Executive Director	1/1

The Chairman of the NC is the Senior Independent Non-Executive Chairman of the Company. The NC is governed by its TOR of NC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the NC as defined in the TOR, including but not limited to the following:-

- To recommend to the Board of Directors, candidates for all directorships to be filled by the Shareholders or the Board of Directors.
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or Shareholder and to take steps to ensure that women candidates are sought as part of its recruitment exercise.
- To recommend to the Board of Directors the nominees to fill the seats on the Board Committees.
- To assess the effectiveness of the Board of Directors as a whole and each individual Director/ committee of the Board.
- To review annually, the term of office and performance of the AC and each of its members to determine whether the AC and members have carried out their duties in accordance with the terms of reference of the AC.
- To review the Board's succession planning.
- To ensure that orientation and education programmes are provided for new members of the Board and to review the Directors' continuing education programmes for existing members of the Board.
- To review the attendance of the Directors at Board and/or Board Committee meetings.

A copy of the TOR of the NC is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(a) Summary of Works

Pursuant to Paragraph 15.08A(3) of Main LR of Bursa Securities, the summary of activities of the NC during the financial year ended 31 March 2017 were disclosed as follows:-

- Review and confirmed the minutes of the NC Meeting held in financial year ended 31 March 2016;
- Recommended the re-election of Mr. Chan Choo Sing and Mr. Chan Chow Teck who retired pursuant to Article 94 of the Company's Articles of Association at the Twenty-Second Annual General Meeting held on 26 August 2016 ("**22nd AGM**");
- Reviewed the revised TOR of the NC which incorporated the relevant amendments to the Main LR of Bursa Securities and recommended the same to the Board of Directors for approval for adoption;
- Reviewed and recommended to the Board, the adoption of "Declaration by Independent Directors" to confirm the "Independence" of the Independent Directors in accordance with MCCG 2012 and the Main LR of Bursa Securities;
- Reviewed the required mix of skills, experience and other qualities of the Board;
- Conducted the Board evaluation to assess the effectiveness of the Board as a whole and Board Committees;
- Evaluated the contribution and performance of each individual Director; and
- Reviewed the attendance of the Directors at Board and Board Committees meetings.

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors

Appointment of Directors

The appointment of Directors is under the purview of the NC, which is to assist the Board on all new Board and Board Committees' appointments and to provide a formal and transparent procedure for such appointments including obtaining a commitment from the candidate that sufficient time will be devoted to carry out the responsibilities as a Director.

The policies and procedures for recruitment and appointment of Directors are set out in the Board Charter.

Pursuant to the TOR of NC, the NC is tasked to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.

The NC reviews candidates for appointment as Directors based on the following criteria:-

- qualifications;
- skills and competence;
- functional knowledge;
- experience;
- background and character;
- integrity and professionalism;
- time commitment and mobility; and
- in the case of candidates for the position of Independent Non-Executive Directors, whether the test of independence under the Main LR of Bursa Securities is satisfied.

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors (Cont'd)

Appointment of Directors (Cont'd)

In its review of the potential candidates, the NC also considered the following additional criteria:-

- Prevailing government policies such as gender diversity;
- Overall composition of the Board;
- Board dynamics;
- The combination of skills possessed by existing Directors to ensure the selected candidate would help close any possible gaps in the Board; and
- Financial health of the Group.

As part of its evaluation procedures, representative(s) of the NC will conduct an informal interview with the potential candidate(s). Upon review, the NC shall make its recommendations to the Board of Directors for consideration and approval.

During the financial year ended 31 March 2017, there was no new Director being appointed to the Board of the Company.

The Board is entitled to the services of the Company Secretaries who ensures that all appointments are properly made, that all necessary information is obtained from Directors, both for the internal records and for the purposes of meeting statutory obligations, as well as obligations arising from Main LR of Bursa Securities or other regulatory requirements.

The Directors observe the recommendation of MCCG 2012, that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

For the financial year ended 31 March 2017, the Chairman has not receive any such notification from any Directors.

Appointments to Board Committees

The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed. In determining the candidates for appointment to the Board Committees, various factors are considered by the NC, including but not limited to the following factors:-

- the needs of the particular Board Committees;
- the results of the Board Effectiveness Evaluation for the Board Committees;
- time commitment and availability;
- regulatory requirements; and
- best practices or governance practices.

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors (Cont'd)

Re-election of Directors

In accordance with the Article 94 of the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each AGM provided always that all Directors shall retire from office at least once every three (3) years in compliance with the Paragraph 7.26(2) of Main LR of Bursa Securities.

At the forthcoming AGM, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang were due for retirement and being eligible, have offered themselves for re-election.

In determining the Director's eligibility for re-election, the NC conducted the following assessments:-

(i) Formal review of the performance of the retiring Directors, taking into account the results of the latest Board Effectiveness Evaluation, the time commitment to discharge their roles, the level of contribution to the Board through their skills, experience and strength in qualities; and
(ii) Ability to act in the best interest of the Company in decision-making.

Upon review, the NC were satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming Twenty-Third (**"23rd"**) AGM of the Company.

Board Effectiveness Assessment

Assessment of the effectiveness of the Directors, the Board as a whole and the Board Committees are being carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Chairman of the Board oversees the overall evaluation process and responses are analysed by the NC, before being tabled and discussed at the Board.

The NC conducted the following assessments annually:-

(i) <u>Directors' self-assessment</u>

In conducting the assessment, the following main criteria were adopted by the NC:-

(i) Contribution to interaction;
(ii) Quality of input; and
(iii) Understanding of role.

Based on the assessment conducted for the financial year ended 31 March 2017, the NC was satisfied with the performance of the individual Board of Directors.

(II) STRENGTHEN COMPOSITION (CONT'D)

(3) NC (Cont'd)

(b) Develop, maintain and review criteria for recruitment and annual assessment of Directors (Cont'd)

Board Effectiveness Assessment (Cont'd)

(ii) Evaluation on the effectiveness of the Board and Board Committees

In conducting the Evaluation, the following main criteria were adopted by the NC:-

- Establish clear roles and responsibilities;
- Strengthen composition;
- Reinforce independence;
- Foster commitment;
- Uphold integrity in financial reporting;
- Recognise and manage risks;
- Ensure timely and high quality disclosure; and
- Strengthen relationship between company and shareholders.

Based on the Evaluation conducted for the financial year ended 31 March 2017, the NC was satisfied with the performance of the Board and Board Committees.

(c) Board Diversity Policy

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness to thrive in good times and weather thought times. Female representation will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best and mobile candidate to support the achievement of the Company's strategic objectives.

Gender and Ethnicity Diversity

Currently, the Board does not have any gender or ethnicity diversity policy. The NC does not set any target on gender or ethnicity diversity but endeavour to include any member who will improve the Board's overall composition balance.

Age Diversity

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.

The age profile of the Directors were ranging from forties to sixties years of age, which underlies the Board's commitment to age diversity at the Board level appointment.

(II) STRENGTHEN COMPOSITION (CONT'D)

(4) RC

The RC was set up on 7 February 2002, with its current TOR adopted on 20 February 2014. The RC comprises two (2) Non-Executive Director and one (1) MD and the composition of the RC is as follows:-

RC	Designation	Directorate	Number of RC Meeting attended / held in the financial year ended 31 March 2017
Mr. Piong Yew Peng	Chairman	Independent Non-Executive Director	1/1
Mr. Chan Choo Sing	Member	Group MD	1/1
Dato' Chan Chor Ngiak	Member	Non-Independent Non-Executive Director	1/1

During the financial year under review, one (1) Meeting was held and attended by all members.

The RC is governed by its TOR of RC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RC as defined in the TOR, including but not limited to the following:-

- To review and assess the remuneration packages of the Executive Directors in all forms, with or without independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities.
- To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully.
- To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and to assess the needs of the Company for talent at Board level at a particular time.
- To recommend to the Board of Directors the remuneration packages of the Executive Directors.
- To act in line with the directions of the Board of Directors.
- To consider and examine such other matters as the RC considers appropriate.
- To review and assess the remuneration packages of the Group's Directors in all forms, with or without other independent professional advice or other outside advice and to recommend the same to the Board of Directors.

(II) STRENGTHEN COMPOSITION (CONT'D)

(4) RC (Cont'd)

A copy of the TOR of the RC is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(a) Summary of Works

The following works were undertaken by the RC during the financial year ended 31 March 2017:-

(a) Reviewed and confirmed the minutes of the RC Meeting held in financial year ended 31 March 2016;
(b) Deliberated on the remuneration packages of the Executives Directors and recommended the same to the Board for approval; and
(c) Reviewed the Directors' fees and recommended the same for the Board for approval.

(b) Directors' Remuneration

The details of the remuneration for the Directors during the year are as follows:-

For the financial year ended 31 March 2017, the aggregate remuneration received/receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows:

Directors' Remuneration	Fees* (RM'000)	Salaries and Other emoluments (RM'000)	Bonus (RM'000)	Total (RM'000)
Executive Directors received from:				
- Company	156	-	-	156
- Group	156	914	50	1,120
Non-Executive Directors received from:				
- Company	246	-	-	246
- Group	246	-	-	246

** Subject to the approval by shareholders at the 23rd AGM*

(II) STRENGTHEN COMPOSITION (CONT'D)

(4) RC (Cont'd)

(b) Directors' Remuneration (Cont'd)

The details of remuneration for Directors of the Company received/receivable for the financial year ended 31 March 2017 by category and within the following bands:-

Company

Remuneration Bands	No. of Directors Executive	Non-Executive
Below RM50,000	1	1
RM50,001 to RM100,000	-	3
RM100,001 to RM150,000	1	-

Group

Remuneration Bands	No. of Directors Executive	Non-Executive
Below RM50,000	-	1
RM50,001 to RM100,000	-	3
RM600,001 to RM650,000	1	-
RM850,001 to RM900,000	1	-

(c) Directors' Remuneration Policy

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The full Board determines the remuneration of the Group MD and Executive Directors.

For the financial year ended 31 March 2017, the Board has adopted a Director Remuneration Policy to set the remuneration of its Group MD and Executive Directors. The compensation system takes into account the performance of the Group MD and each Executive Director and the competitive environment in which the Group operates.

The objective of the Director Remuneration Policy are as follows:-

- Determine the level of remuneration package of Directors and Group MD/DGM;
- Attract, develop and retain high performing and motivated Executive Directors and Group MD/DGM with a competitive remuneration package;
- Provide a remuneration such that the Directors and Group MD/DGM are paid a remuneration commensurate with the responsibilities of their position; and
- Encourage value creation for the Company and its Stakeholders.

(II) STRENGTHEN COMPOSITION (CONT'D)

(4) RC (Cont'd)

(c) Directors' Remuneration Policy (Cont'd)

It is the Board's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. Remuneration package of the Group MD and the Executive Directors will be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

A copy of the TOR of the Directors' Remuneration Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(d) Directors' Fees

The Directors' fees recommended by the RC and the Board for the financial year ended 31 March 2017 are as follows:-

Directors	Entitlement
Non-Independent Director	Directors' fees of RM48,000/- per annum
Independent Director	Directors' fees of RM36,000/- per annum
AC Chairman	Additional Directors' fees of RM12,000/- per annum
RC Chairman	Additional Directors' fees of RM12,000/- per annum
NC Chairman	Additional Directors' fees of RM12,000/- per annum

For the financial year ended 31 March 2017, Directors' Fees of RM402,000/- have been recommended to the shareholders for approval at the forthcoming 23rd AGM of the Company.

(III) REINFORCE INDEPENDENCE

(1) Annual Assessment of Independence of Directors

The Board principally adhered to the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of the Main LR of Bursa Securities through the assistance of the NC. The Board has conducted annual assessment on its Independent Directors. To be in line with such recommendation, the Board has put in place proper policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board.

The Board considers that its Independent Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All Independent Non-Executive Directors are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholder in the Company through the Board representation.

(III) REINFORCE INDEPENDENCE (CONT'D)

(1) Annual Assessment of Independence of Directors (Cont'd)

The Board noted that Letters of Declaration has been executed by the following Independent Non-Executive Directors of the Company, confirming their independence pursuant to Main LR of Bursa Securities as well as the MCCG 2012 and the Independent Non-Executive Directors have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Mr. Julian Lim Wee Liang
- Mr. Piong Yew Peng

Based on the outcome of the Board and Board Committees Performance Evaluation and Self Performance Evaluation Forms completed by each Directors and Committees, the Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

The Board considers that its Independent Non-Executive Directors provide an objective and independent views on various issues dealt with at the Board and Board Committee level. All Independent Non-Executive Director are independent of management and free from any business or other relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

(2) Tenure of Independence of Directors

MCCG 2012 recommended that the tenure of an Independent Director should not exceed a cumulative terms of nine (9) years. Upon completion of the nine (9) years' terms, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

The Board shall provide justifications and seek shareholder's approval in the event it proposes to retain an Independent Director who has served the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the NC.

The Board noted that none of its Independent Directors have attained such tenure as at the date of this Statement. Therefore, there is no such need for the Company to seek for shareholders' approval on the said purpose at the forthcoming 23rd AGM.

(3) Separation of Positions of Chairman and Group MD

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority.

The separation of positions of the role of Chairman and Group MD also facilitates the division of responsibilities between them. Mr. Julian Lim Wee Liang, the Senior Independent Non-Executive Chairman, primarily responsible for the orderly conduct and working of the Board whilst Mr. Chan Choo Sing, the Group MD, together with the Executive Directors, oversees the operations of the Group and implementation of the Board's decisions, business strategies, and policies. The Role of Chairman as well as the Role of the Group MD have been clearly outlined in the Board Charter.

In view thereof, Recommendation 3.4 of the MCCG 2012 has been duly complied with by the Company with the separation of position of the Chairman and Group MD.

(III) REINFORCE INDEPENDENCE (CONT'D)

(4) Board Composition and Balance

The Board noted the Recommendation 3.5 of the MCCG 2012 stating that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

At present, the Board has six (6) members comprising one (1) Senior Independent Non-Executive Chairman, one (1) Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors, one (1) Group MD and one (1) Executive Director. The Independent Directors represent compliance with the requirement for one-third (1/3) Independent Directors on the Board, pursuant to Paragraph 15.02(1) of the Main LR of Bursa Securities and the adoption of the best practices set out in the MCCG 2012.

All Directors possess a wide range of business expertise, commercial and financial experience that is relevant to their roles in providing leadership and direction to the Group. The mix of industry-specific knowledge with broad business and commercial experience provides the strength that is needed to lead the Company to meet its objectives and to provide effective leadership to the Company. A brief description on the background of each Directors is presented separately in the Directors' Profile of this Annual Report.

Pursuant to the evaluations on the effectiveness of the Board and Board Committees conducted for the financial year ended 31 March 2017, the Board is satisfied with the mix of skills and board composition level, the Executive Directors have direct responsibilities for business operations whereas the Non-Executive Directors have a responsibility to bring independent and objective judgement on the Board's decisions. It reflects fairly the investment in the Company by the shareholders at large even though four (4) of the Board members namely, Mr. Chan Choo Sing, Mr. Chan Chow Tek, Dato' Chan Chor Ngiak and Mr. Chan Chor Ang are the substantial shareholders via their indirect interests in the shareholdings of the major shareholder, Setia Sempurna Sdn. Bhd. in the Company. In that respect, the interests of investors including the Company's minority shareholders and the public are adequately served and protected.

Where there is any conflict of interest and/or the involvement of directors' interest pursuant to Section 221 of the Companies Act 2016, the affected Directors will declare their interests and abstained from all deliberation and voting on the matters accordingly.

(5) Senior Independent Non-Executive Chairman

The Board has designated Mr. Julian Lim Wee Liang as Senior Independent Non-Executive Chairman to whom concerns from shareholders/stakeholders may be conveyed.

Shareholders/Stakeholders may address their concerns to the Senior Independent Non-Executive Chairman in the following manners:-

By Letter – to be forwarded in a sealed envelope labelling with a legend of "***To be opened by the Senior Independent Non-Executive Chairman only***"; or

By Email – to be forwarded vide secure email with the heading of "***For the eyes of the Senior Independent Non-Executive Chairman only***".

(III) REINFORCE INDEPENDENCE (CONT'D)

(5) Senior Independent Non-Executive Chairman (Cont'd)

Senior Independent Non-Executive Chairman

Mr. Julian Lim Wee Liang

Postal Address:-

PCCS Group Berhad
Lot 1376, GM 127, Mukim Simpang Kanan,
Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.

Email Address:-

julianlim@pccsgroup.net

The above information can also be found at the "Investor Relations" Section of the Company's corporate website at http://www.pccsgroup.net/.

For financial year ended 31 March 2017, Mr. Julian Lim Wee Liang informed that he has not received any concerns from shareholders/stakeholders, be it written or verbal.

(IV) FOSTER COMMITMENT

(1) Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavour to attend meetings.

For the financial year ended 31 March 2017, the Board had convened a total of four (4) Board Meetings for the purposes of deliberating on the Company's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board Meetings, the Board reviewed the operation and performance of the Company and other strategic issues that may affect the Company's business. Relevant staff were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

(a) Review of attendance by the NC

The NC has been tasked to review the attendance of the Directors at Board and/or Board Committee Meetings. Upon review, the NC noted the Board members have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the financial year ended 31 March 2017.

(IV) FOSTER COMMITMENT (CONT'D)

(1) Time Commitment (Cont'd)

(a) Review of attendance by the NC (Cont'd)

The attendance record of each Director at Board Meetings during the financial year ended 31 March 2017 is as follows:-

Name of Directors	Attendance	% of Attendance
Chan Choo Sing	4 out of 4	100
Chan Chow Tek	3 out of 4	75
Dato' Chan Chor Ngiak	4 out of 4	100
Chan Chor Ang	3 out of 4	75
Julian Lim Wee Liang	4 out of 4	100
Piong Yew Peng	4 out of 4	100

The Board will also meet on an ad-hoc basis to deliberate urgent issues and matters that require expeditious Board direction or approval. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval can be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

Meeting papers were prepared to provide relevant facts, analysis and recommendations for supporting the proposals to enable informed decision-making by the Board. The agenda and papers for meetings were furnished to the Director and Board Committees' member at least three (3) days in advance to enable them to prepare for the meetings.

The Board encourages constructive and healthy debate at all meetings. The Directors are given the chance to freely express their opinions or share information with their peers in the course of deliberation as a participative Board in their preferred language/dialect, be it English, Bahasa Melayu, Chinese Language, Hokkien dialect or Cantonese dialect. Any Director/Board Committees' member who has direct or indirect interest in the subject matter to be deliberate shall abstain from deliberation and voting on the same during the meeting.

The Company Secretaries would ensure a quorum is present for all meetings and that such meetings are convened in accordance with the Company's Articles of Association or relevant Board Committee's TOR. Notwithstanding the languages/dialect being conversed at the meetings, the Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions in English for record purposes. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

(IV) FOSTER COMMITMENT (CONT'D)

(1) Time Commitment (Cont'd)

(b) Annual Meeting Timetable

In facilitating the schedule of the Directors, the Company Secretaries will prepare and circulate in advance an annual meeting timetable, which includes all the proposed meeting dates for Board and Board Committee Meetings, as well as the AGM. Upon the concurrence by all the Board members, the annual meeting timetable will be adopted for the applicable financial year.

The Annual Meeting Schedule for year 2017 was approved and adopted by the Board at the Board Meeting held on 21 November 2016.

(c) Board Appointment in other Companies

As a matter of protocol, as stipulated under Clause 4.12.3 of the Board Charter, prior to the acceptance of new Board appointment(s) in other companies, the Directors should notify the Chairman of the Board and/or the Company Secretaries in writing. The said notification should include an indication of time that will be spent on the new appointment.

For the financial year ended 31 March 2017, there is no written notification received from the Directors.

(2) Directors' Training

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge of its duties.

The Board has cultivated the following best practices:-

(a) All newly appointed Directors are required to attend the Mandatory Accreditation Training Programme (MAP) as prescribed by Bursa Securities within the stipulated timeframe;

(b) All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;

(c) The Directors may be requested to attend additional training courses according to their individual needs as a Director/Board Committee's member on which they serve; and

(d) The Directors are briefed by the Company Secretaries on the letters issued by Bursa Securities at the Board Meeting.

All Directors have attended the MAP prescribed by Bursa Securities.

(IV) FOSTER COMMITMENT (CONT'D)

(2) Directors' Training (Cont'd)

Upon assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead. As at the date of this Statement, the Board has participated in the following continuing education programmes:-

Directors	Training(s) Attended
Julian Lim Wee Liang	· The Effects of MPERS on Audit Considerations by AXP Solutions Sdn. Bhd. · Tax Planning and Issues for Property Developers and Property Investors by Chartered Tax Institute of Malaysia · 2017 Budget and Tax Conference by Ernst & Young · Half-Day Talk: Updates on GST by Chartered Tax Institute of Malaysia · Briefing by the Company Secretaries on the Amendments to the Main LR of Bursa Securities
Chan Choo Sing	· Companies Act 2016 Compliance and Budget 2017 by Chinese Chamber of Commerce Batu Pahat · Briefing by the Company Secretaries on the Amendments to the Main LR of Bursa Securities
Chan Chow Tek	· 2017 Budget and Tax Conference by Ernst & Young · Briefing by the Company Secretaries on the Amendments to the Main LR of Bursa Securities
Dato' Chan Chor Ngiak	· Companies Act 2016 Compliance and Budget 2017 workshop by Chinese Chamber of Commerce Batu Pahat · Briefing by the Company Secretaries on the Amendments to the Main LR of Bursa Securities
Chan Chor Ang	· Companies Act 2016 Compliance and Budget 2017 workshop by Chinese Chamber of Commerce Batu Pahat · Briefing by the Company Secretaries on the Amendments to Main LR of Bursa Securities
Piong Yew Peng	· Facing Current Business Headwinds – 2017 Tax & Budget Conference by Crowe Horwath · New Expectations for Directors, Shareholders, Company Secretaries & Appointment of Auditors under the Companies Act 2016 by Malaysia Institute of Accountants · Briefing by the Company Secretaries on the Amendments to Main LR of Bursa Securities

Upon review, the Board concluded that the Directors' Trainings for the financial year ended 31 March 2017 were adequate.

<u>2018 Directors' Training</u>

In recognising the need to keep abreast with the fast changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme, whereby it should be in relation to the Main LR of Bursa Securities, Companies Act 2016 or corporate governance of a listed corporation.

(V) UPHOLD INTEGRITY IN FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The AC assist the Board to oversee the financial reporting process and the quality of its financial reporting by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to endorsing the same to the Board for release to Bursa Securities and Securities Commission Malaysia.

The AC has received assurance that the financial statements of the Group and of the Company for the financial year ended 31 March 2017 had been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRSs**"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. Consequently, the AC has recommended the audited financial statement for the financial year ended 31 March 2017 of the Company to the Board for approval and the Board upon its review, has approved the same vide a Directors' Circular Resolution In Writing dated 26 July 2017.

The Board ensures that shareholders are presented with a clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results and vide corporate announcements on significant development in accordance with the Main LR of Bursa Securities on a timely basis and in compliance with the applicable financial reporting standards.

(2) Assessment of Sustainability and Independence of External Auditors

For the financial year ended 31 March 2017, the AC has formalised the procedures to assess the suitability and independence of External Auditors vide an annual assessment of the suitability and independence of the External Auditors, namely Messrs. Ernst & Young.

In its assessment, the AC considered, inter alia, the following factors:-

For "suitability" assessment:-

- The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the AC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("**MIA**") which has not been reversed by the Disciplinary Board of MIA;
- The external audit firm has the geographical coverage required to audit the Company;
- The external audit firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external audit firm consistently meets the deadlines set by the Company;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external audit scope is adequate to cover the key financial and operational risks of the Company.

(V) UPHOLD INTEGRITY IN FINANCIAL REPORTING (Cont'd)

(2) Assessment of Sustainability and Independence of External Auditors (Cont'd)

For "independence" assessment:-

- The engagement partner has not served for a continuous period of more than five (5) years with the Company; and
- The AC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC noted for the financial year ended 31 March 2017, Messrs. Ernst & Young, the External Auditors of the Company confirmed that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

The AC also noted the having served the requisite years, the engagement partner of Messrs. Ernst & Young has been rotated during the financial year ended 31 March 2017.

Upon completion of its assessment, the AC was satisfied with Messrs. Ernst & Young's technical competency and audit independence during the financial year ended 31 March 2017 and recommended to the Board the re-appointment of Messrs. Ernst & Young as External Auditors for the financial year ending 31 March 2018. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming 23rd AGM of the Company.

(VI) RECOGNISE AND MANAGE RISKS

(1) Sound Framework to Manage Risks

The Board affirms the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. The AC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the AC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's internal control systems. It acknowledges its overall responsibility in this area and also the need to review its effectiveness regularly.

The Board has approved and adopted a Risk Management Handbook since 23 August 2013. The Risk Management Handbook entails the following chapters:-

(1) Risk Management – Type of Risks and Benefits of Risk Management;
(2) Terms of Reference and Reporting Structure;
(3) Roles and Responsibilities;
(4) Risk Management Framework;
(5) Risk Measurement (Labels & Stickers Division);
(6) Risk Measurement (Garment Division); and
(7) Implementing Risk Management Process.

In conjunction with the adoption of the Risk Management Handbook, a Performance Management Review Team ("**PMRT**") comprising selected key management personnel has been established to review, highlight and report significant risks.

(VI) RECOGNISE AND MANAGE RISKS (CONT'D)

(1) Sound Framework to Manage Risks (Cont'd)

During the financial year ended 31 March 2017, the Board vide the AC has formed a Risk Management Working Group ("**RMWG**") together with PMRT to discharge the Risk Management function of the Group on behalf of the Board. The PMRT is reporting to RMWG in respect of the identified risks and RMWG will report directly to the AC.

The Statement on Risk Management and Internal Control of the Group as set out in this Annual Report provides an overview of the state of Risk Management and internal controls within the Group.

(2) Internal Audit Function

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Company's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Group has appointed an independent professional service provider to carry out the internal audit function, namely, Sterling. The outsourced Internal Auditors report directly to the AC providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the AC, assurance of the effectiveness of the system of internal control in the Group.

The principal consultant of Sterling, Ms. So Hsien Ying, MBA, has more than twenty (20) years of relevant experience, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the Internal Audit function.

The functions of the internal audit include major areas as follows:

- Perform regular review of operational compliance with the established internal control procedures and the risk profiles of the major business units of the Group.
- Conduct investigations on specific areas or issues directed by the AC.
- Review the risk management processes.

The internal controls are tested for effectiveness and efficiency by Sterling. The report of the internal audit is tabled for AC's review and comments, and the audit findings will then be communicated to the Board. The outsourced internal auditor's representative met up four (4) times with the AC for the financial year ended 31 March 2017.

The internal audit review of the Group's operations encompasses a risk-based independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

(VI) RECOGNISE AND MANAGE RISKS (CONT'D)

(2) Internal Audit Function (Cont'd)

Formal Assessment of Internal Auditors

As at the date of this Annual Report, the AC has formalised the procedures to assess the performance of Internal Auditors vide an annual assessment of suitability of the Internal Auditors.

In its assessment, the AC considered, inter alia, the following factors:-

- Understanding;
- Charter and structure;
- Skills and experiences;
- Communication; and
- Performance.

Upon completion of its assessment, the AC was satisfied with the outsourced Internal Auditor, Sterling's technical competency and audit independence.

(VII) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(1) Corporate Disclosure Policy

The Board recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations.

During the financial year ended 31 March 2017, the Company has adopted a Corporate Disclosure Policy on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately to Bursa Securities.

The Board is committed to ensure communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

A copy of the Corporate Disclosure Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.

(2) Leverage on Information Technology for Effective Dissemination of Information

The Company's website provides a plethora of information to the public, which includes, inter alia, corporate information, business activities, corporate governance matters, latest press releases, annual reports, financial results, and etc.

(VII) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

(2) Leverage on Information Technology for Effective Dissemination of Information (Cont'd)

The Company has created the following dedicated sections to ensure more effective dissemination of information:-

(a) A dedicated "**Investor Relations**" section which provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and Annual Reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information. The Investor Relations section comprises the following specific information:-

- Stock information
- Financial reporting
- Meet the Directors (with personal photograph of each Director)

(b) A dedicated "**Media Centre**" section which provides access to various editions of the PCCS Group Press (成報). Published since the year 2009 in bi-lingual language of English and Chinese, the PCCS Group Press serves an internal communication channel for the Group in view of the Group subsidiaries' diverse location around the globe.

Copies of the PCCS Group Press is available at the Company's corporate website under the banner of "Media Centre".

(c) A dedicated "**Contact Us**" section with the listing of contact particulars of all the subsidiaries of the Group, including telephone numbers, facsimile as well as email address of the respective person-in-charge for ease of communication by stakeholders.

The Company's corporate website is accessible at http://www.pccsgroup.net/.

(VIII) STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

(1) Shareholders' Participation at General Meetings

The Company communicates regularly with the shareholders and investors through Annual Reports, quarterly financial reports and various announcements made to Bursa Securities as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general.

Several channels are used to disseminate information on a timely basis, such as:-

- The AGM which is used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company;
- Annual Report, quarterly financial results and various announcements made to Bursa Securities; and
- The corporate websites www.pccsgroup.net which provide corporate information of the Group.

All members of the Board had attended the last AGM held on 26 August 2016 to engage with the shareholders.

The notice of AGM together with the Annual Report is dispatched to shareholders at least twenty-one (21) days prior to the meeting date.

(VIII) STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

(2) Poll Voting

The Board noted the Recommendation 8.2 of the MCCG 2012 states that the Board should encourage poll voting. In line with this recommendation, the Chairman will inform the shareholders of their right to demand a poll vote as well as the number of proxies represented by him at the commencement of the general meeting.

With the recent amendments to Main LR of Bursa Securities, all of the resolutions set out in the notices of general meetings shall be voted by poll and it would be implemented for general meetings of the Company held on or after 1 July 2016. The conduct of poll voting will enable shareholder who were not able to attend the 23rd AGM to exercise the votes by appointing the Chairman as their proxies.

Depending on the financial resources available, the Board may consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

(3) Shareholders' Communication and Investor Relations

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the Main LR of Bursa Securities. All the Directors were present at the Twenty-Second AGM of the Company held on 26 August 2016 to engage with the shareholders personally and proactively.

The Company's AGM not only deals with the formal business of the Company, but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company presents to shareholders an overview of the Group's performance during the year at the AGM.

The results of all the resolutions set out in the Notice of the 23rd AGM will be announced on the same day to Bursa Securities, which is accessible on the Bursa Securities' website.

The Board ensures that full information of the Directors who are retiring at the forthcoming 23rd AGM and willing to serve if re-elected are disclosed in the Notice of the 23rd AGM.

The explanatory notes facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of special business is included in the Notice of the 23rd AGM.

Conclusion

As recommended by Bursa Securities, the Board has perused and review the Letter dated 19 December 2016 from Bursa Securities in relation to the Analysis of Corporate Governance Disclosures in Annual Reports and Report on Company's Performance together with a copy of the Company's Corporate Governance Disclosure scores and detailed report. Pursuant to the said Letter, the Board has instituted several measures to improve the shortcomings/weaknesses detected.

The Board is satisfied that for the financial year ended 31 March 2017, it complies substantially with the principles and recommendations of the MCCG 2012.

The Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors passed on 26 July 2017.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 March 2017 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Main LR**"), Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") and "*Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers*".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for safeguarding shareholders' investment and the Group's assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis by implementing and maintaining a sound and effective risk management framework and internal control system.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or losses.

The Board, through the Audit Committee, ensures that the risk management and internal control practices are adequately implemented within the Group. Management is required to apply good judgement in assessing the risks faced by the Group, identifying the Group's ability to reduce the incidence and impact of risks, and ensuring the benefits outweigh the costs of operating the controls.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities.

During the financial year ended 31 March 2017, the Board vide the Audit Committee has formed a Risk Management Working Group ("**RMWG**") and Performance Management Review Team ("**PMRT**") to discharge the Risk Management function of the Group on behalf on the Board.

The composition of the RMWG and PMRT are as follows:-

RMWG

Office	Name(s)
Chairman	Chan Wee Kiang
Leader	Tang Lai Huat
Secretary	Andrew Wong Chau Shang
Members	Chan Wee Boon, Chen Tian Shen, Goh King Swee, Lim Bok Sze, Chong Cher Kung, Yap Chiou Ern, Lee Hui Cheng, Sim Sian Ling, Soh Lian Pau, Lim Tuck Yee, Tan Soo Ching

Statement on Risk Management and Internal Control

RISK MANAGEMENT (CONT'D)

PMRT

Office	Name(s)
Chairman	Chan Choo Sing
Leader	Tan Kwee Kee
Secretary	Matt Teo Bee San and Teo Lee Ping
Members	Chan Chow Tek, Dato' Chan Chor Ngiak, Chan Chor Ang, Chan Wee Kiang, Chan Wee Boon, Png Kim Leng, Federico Galimberti, Tang Lai Huat Malaysia: Lim Bok Sze, Lee Hui Cheng and Soh Lian Pau People's Republic of China: Chen Tian Shen and Sim Sian Ling Cambodia: Chong Cher Kung, Danny Koh Tain Siang, Lim Tuck Yee, Tan Soo Ching

The PMRT is reporting to RMWG in respect of the identified risks and RMWG will report directly to the Audit Committee. The RMWG has been delegated to implement the risk management framework and control framework, to update the Risk Registry and perform ongoing risk management implementation. PMRT is tasked to set performance measures, review Risk Registry and to assess effectiveness risk management framework.

The reporting structure for the risk management is as follows:-

PMRT → RMWG → Audit Committee → Board

During the financial year ended 31 March 2017 and up to the date of this statement, the Audit Committee and the Board had received and reviewed the Risk Registry of the PCCS for Corporate Level, Apparels Division (Malaysia, Cambodia and China) and Labels & Stickers Division (Malaysia and Cambodia). The risk factors identified and deliberated were assigned to the respective heads of subsidiary and risk owners to implement the risk control actions. The Board would ensure that the risk control actions are taken accordingly.

For the financial year ended 31 March 2017 and up to the date of this statement, the RMWG has held one (1) meeting and met up twice with the Audit Committee, while the PMRT has held three (3) meetings.

The Board is in the opinion that the role of Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced by the Group, and to operate a suitable system of internal controls to manage these risks.

The Board has received assurances from Management that the Group's system of Risk Management and Internal Control is operating adequately and effectively throughout the financial year under review.

Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION

The Group had appointed an independent consulting firm namely, Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**") as Internal Auditors to undertake its internal audit function and reports directly to the Audit Committee on quarterly basis.

Based on their internal audit reviews, observations were presented by Sterling, together with Management's response and proposed action plans, to the Audit Committee for review. In addition, the Internal Auditors followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plan.

During the financial year ended 31 March 2017, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

For the financial year ended 31 March 2017, four (4) internal audit reviews were carried out and follow up status were reported by Sterling to the Audit Committee:-

Audit Period	Reported in	Audited Areas
1st Quarter (Apr 2016 – Jun 2016)	Aug 2016	• Sales & Marketing, Quality Assurance, Inventory & Logistics Management, Production, Maintenance & Manufacturing Engineering of Mega Label (Malaysia) Sdn. Bhd. • Follow up status update on: • JIT Textiles Limited (Closing Stock, Finance & Account, Quality Assurance & Quality Control and Sample Development)

2nd Quarter (Jul 2016 – Sep 2016)	Nov 2016	• Asset Management and Product Claims of JIT Textiles Limited
		• Follow up status update on:
		  • Mega Label (Malaysia) Sdn. Bhd. (Sales & Marketing, Quality Assurance, Inventory & Logistics Management, Production, Maintenance & Manufacturing Engineering)
		  • Apparel Division in Cambodia (Sales & Marketing and Merchandising)

3rd Quarter (Oct 2016 – Dec 2016)	Feb 2017	• Functional Departments of JIT Textiles Limited • Follow up status update on: • JIT Textiles Limited (Asset Management and Product Claims)

4th Quarter (Jan 2017 – Mar 2017)	May 2017	• Sales and Marketing, Data Transactions Processing, Customer Service, Billing and Collection, and Costing of Mega Labels & Stickers (Cambodia) Co., Ltd.
		• Follow up status update on:
		  • Mega Label (Malaysia) Sdn. Bhd. (Sales & Marketing, Quality Assurance, Inventory & Logistics Management, Production, Maintenance & Manufacturing Engineering)
		  • JIT Textiles Limited (Production, Asset Management and Product claims)
		  • Apparels Division in Cambodia (Sales & Marketing and Merchandising functions)

Statement on Risk Management and Internal Control

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the financial year ended 31 March 2017, and up to the date of this Statement:-

- **Organisational Structure**

  The Group has a well-defined organisational structure that is aligned to its business and operation requirements. Clearly defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.

- **Limits of Authority**

  Authority charts have been established within the Group to provide a functional framework of authority in approving sales order, purchases, expenses and capital expenditure.

- **Review of Financial and Operational Performance**

  The Group's performance is monitored through a budgeted system which requires all material variances to be identified, discussed and reviewed by Management on a regular basis.

  The Financial Controller ("**FC**") would table the same to the Audit Committee and the Board for review and comments at the quarterly held Audit Committee and Board Meeting, respectively.

  The Board reviews the Group's financial and operational performance quarterly, which analyses the Group performance against preceding year corresponding quarter performance.

- **Company Manual**

  A comprehensive "Company Manual" is developed to foster long-lasting and harmonious working relationship among the employees and set out the rules and regulations to be adhered to by the employees in performing their duties. The manual is regularly reviewed to incorporate changes that will enhance working efficiency.

- **Standard Operating Policies and Procedures ("SOPP")**

  Numerous SOPPs have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed on a regularly basis to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.

- **Health and Safety Manual**

  "Health and Safety Manual" is developed to assist in maintaining a safe working environment for all employees.

- **Staff Training and Development Programmes**

  Training and development programmes are established to ensure that staff is constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

- **Internal Quality Audits**

  Regular Internal Quality Audit are conducted as required by the ISO 9001:2008 and ISO 14001:2004 Quality Management System on certain subsidiaries. This ensures that internal procedures and standard operating procedures had been implemented and documented.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and FC that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the financial year ended 31 March 2017, and up to the date of this Statement.

CONCLUSION

For the financial year under review and up to the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main LR of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

This Statement of Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 26 July 2017.

Statement of Directors' Responsibility

in relation to the Financial Statements

This statement is prepared in compliance with the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Main LR of Bursa Securities**") and the applicable approved accounting policies.

The Directors are required to prepare annual financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that financial year then ended.

To prepare the financial statements of the Group and the Company for the financial year ended 31 March 2017, the Directors have:-

- used appropriate accounting policies and were consistently applied;
- based on reasonable and prudent judgements and estimates were made; and
- considered that all applicable approved accounting standards in Malaysia have been followed.

The Directors have relied on the system of Internal Controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2016, the Main LR of Bursa Securities, and the applicable approved Malaysian Accounting Standard Board approved accounting standard in Malaysia.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement on Directors' Responsibility in relation to the Financial Statements is made in accordance with the resolution of the Board of Directors date 26 July 2017.

Other Information required
by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise any proceeds during the financial year ended 31 March 2017.

Audit and Non-Audit Fees

For the financial year ended 31 March 2017, the External Auditors have rendered certain audit and non-audit services to the Company and the Group. A breakdown of fees paid were listed as below for information:-

	Company (RM)	Group (RM)
Audit services rendered	43,000.00	287,835.00
Non-audit services rendered		
Tax Services	3,600.00	96,420.00
Review of the Statement of Risk Management and Internal Control	5,000.00	5,000.00
Certify the stock statements and increased export application form	-	5,980.00
Audit Review	16,000.00	16,000.00
Total	**67,600.00**	**411,235.00**

Material Contracts Involving Directors, Chief Executive and Major Shareholders' Interest

None of the Directors, Chief Executive and major shareholders have entered into any material contracts with the Company and/or its subsidiaries during the financial year ended 31 March 2017.

Recurrent Related Party Transactions ("RRPT") of Revenue Nature

The RRPTs were disclosed in Note 32 to the Financial Statements for the financial year ended 31 March 2017 on page 154 and 155.

Corporate Responsibility Statement

PCCS Group Berhad ("**PCCS**" or "**the Company**") and Group ("**the Group**") recognises the importance of Corporate Responsibility ("**CR**") activities forms the basis of good corporate citizenship and upholds the highest level of corporate governance.

Aligned with the Group's business strategy, the Group endeavour to manage its business in a socially responsible manner. The Group strive to look after the interests of its key stakeholders – ranging from shareholders, investors, customers, suppliers to employees, as well as the local community where the Group operates.

Bursa Malaysia Berhad ("**Bursa Malaysia**") has defined "Corporate Social Responsibility ("**CSR**") as "*open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders. It is designed to deliver sustainable value to society at large.*"

The Group has adopted the Bursa Malaysia's CSR Framework which was launched in 2006 as a set of guidelines for Malaysian public listed companies who wish to practice CSR. The Group's CSR framework covers the following four (4) areas:-

Workplace • Training and development • Workplace diversity • Healthy and safe working environment • Employees' well being	**Community** • Cultural Event in Cambodia and Malaysia • Donations to Non-profit organisations
Environment • Reduce carbon footprint • Environmental-friendly practices	**Marketplace** • Corporate disclosure practices • Dedicated sections at corporate website

(1) WORKPLACE

At PCCS, the Group recognises that employees are the most valuable assets due to their ideas, initiatives, contributions and decisions that drive the continuous growth of the Group. It is therefore imperative that the Group continues to invest in human resource field.

(a) Training and development

The Group aims to remain as an employer of choice by providing its employees with continuous training and development. The Group promotes lifelong learning in the pursuit of personal development of our employees. Incentives are provided to staff upon attainment of work related qualification to promote professionalism and excellence amongst employees. In addition, structured on-the-job training is provided to new and unskilled employees by the production supervisors and team leaders.

(1) WORKPLACE (CONT'D)

(a) Training and development (Cont'd)

Activities

(i) Training on new Companies Act, 2016 ("**CA 2016**")

With the introduction of the new CA 2016 with effect from 31 January 2017, the Group has sent a selected senior staff from its Head Office in Batu Pahat to attend a half-day seminar on "How New CA 2016 Impact Your Business" held on 8 April 2017 at Summit Signature Hotel at Batu Pahat, Malaysia.

(ii) Team Building Event

On 1 & 2 October 2016, the Group's subsidiary in Malaysia, namely Mega Label (Malaysia) Sdn. Bhd. had organised a teambuilding event entitled "Mega Leadership Camp" for employees to look beyond themselves to achieve cooperation and collaboration in the Group.

(iii) Work Placement Programme

The Group recruits students for its internship initiative where students from universities are selected for industrial and practical training in the Group's operation. This practical training programme is created on a day-to-day mentor and mentee basis which give student hands-on experience before turning to a real workplace.

For the financial year ended 31 March 2017, there were a total of five (5) interns being placed at different intervals with the following Departments:-

PCCS (Head Office)
- Accounts and Finance Department; and
- Group Human Resource Department.

Perusahaan Chan Choo Sing Sdn. Bhd. (Flagship Garment Subsidiary)
- Shipping Department;
- Industrial Engineering Department; and
- Paper Pattern Section.

(b) Workplace Diversity

To achieve the needs of diverse customer base, diversity provides PCCS with a competitive advantage and the promise of a more sustainable future.

The Group embraces diversity at workplace and strictly disallow any form of discrimination practice against people of different gender, age, ethnicity, nationality or marital status.

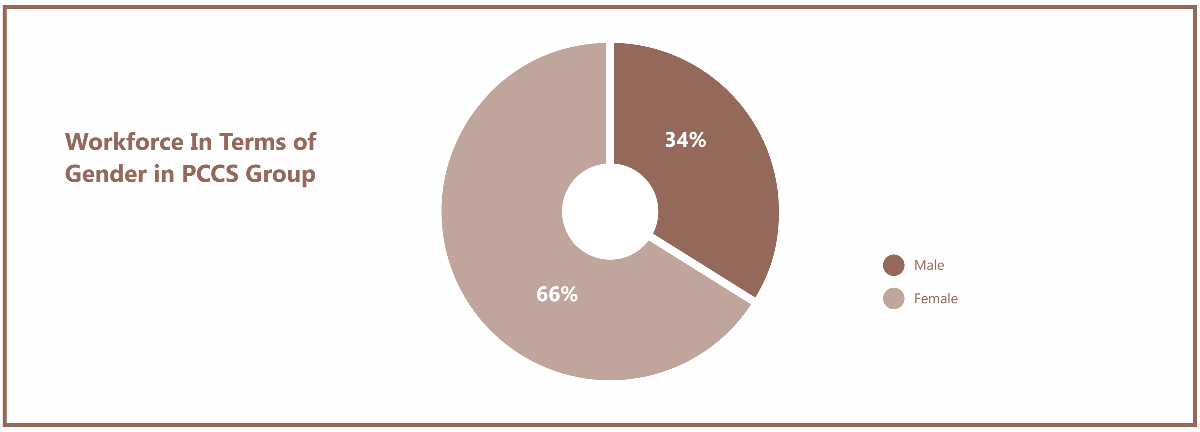
By employing a diverse workforce, the Group is able to have a better understanding of today's dynamic market demographics. It has also enable the Group to tap into a pool of people from diverse background who can provide unique market insights or generate creative solutions, thereby increasing the Group's competitiveness in today's globalised and challenging economy.

(1) WORKPLACE (CONT'D)

(b) Workplace Diversity (Cont'd)

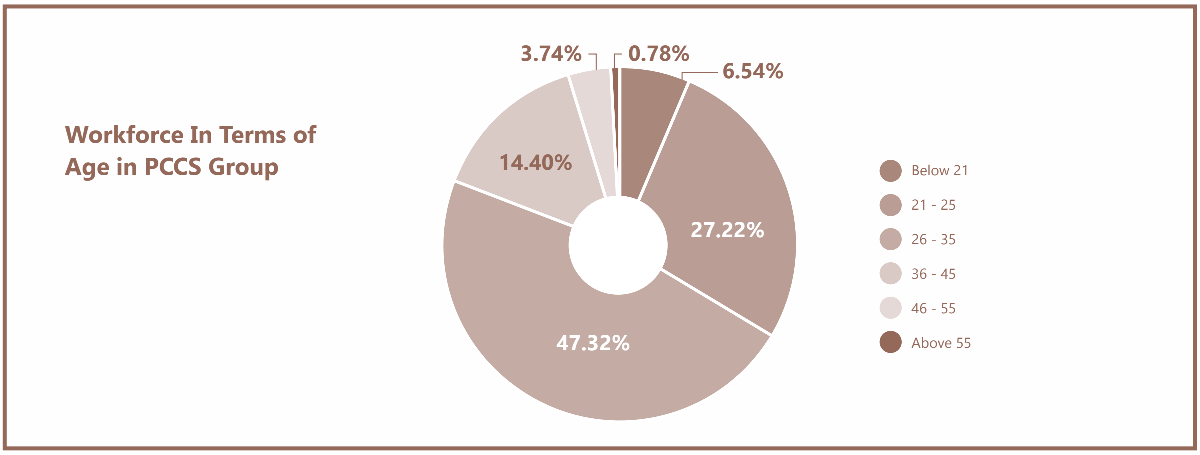
Gender diversity

As at 30 June 2017, the Group's female to male employee ratio shows a distribution of 66:34 in the workforce, well exceeded the government's initiative to achieve 30% women participation in the workplace. The Group is committed to recruit and retain women who are keen to re-enter the workforce.



Age diversity

As at 30 June 2017, 47.32% of the Group's employees belong to the age group of between 26 to 35 with the second largest age group being those aged between 21 to 25 (27.22%). The Group's age demographics broadly reflected the general age demographics of the developing countries where younger age employees form the majority of the workforce.



Nationality diversity

As at 30 June 2017, employees of Non-Malaysian Citizens ethnicity constituted the largest workforce of the Group at 93%. Operating a business in a way that respects the differences between cultures is an essential factor for a company to achieve highly diverse composition of our workplace. As a result, the Group's Human Resources Department is endeavored to establish a sound internal coordination system and promote healthy culture of the enterprise to integrate into the operation of the enterprise.

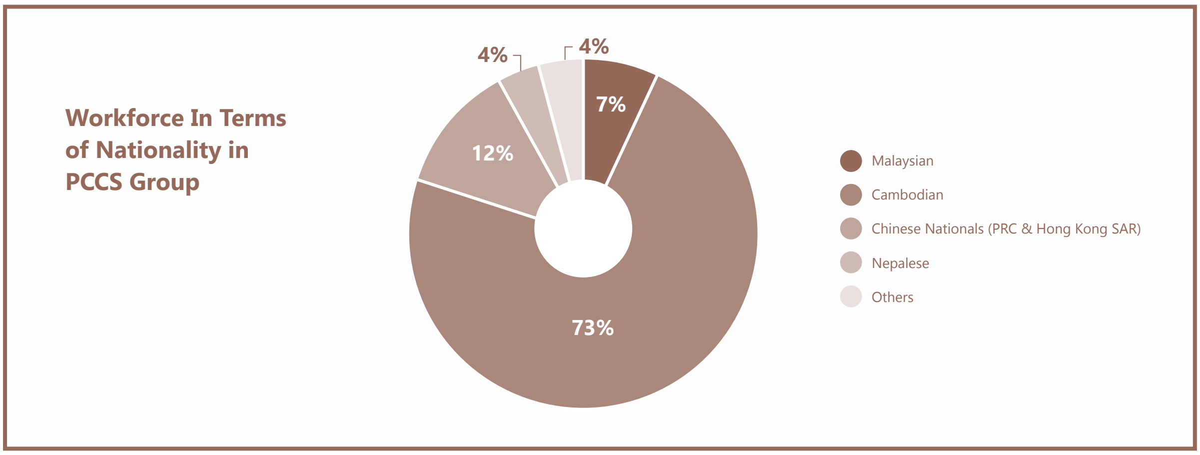
(1) WORKPLACE (CONT'D)

(b) Workplace Diversity (Cont'd)

Nationality diversity (Cont'd)

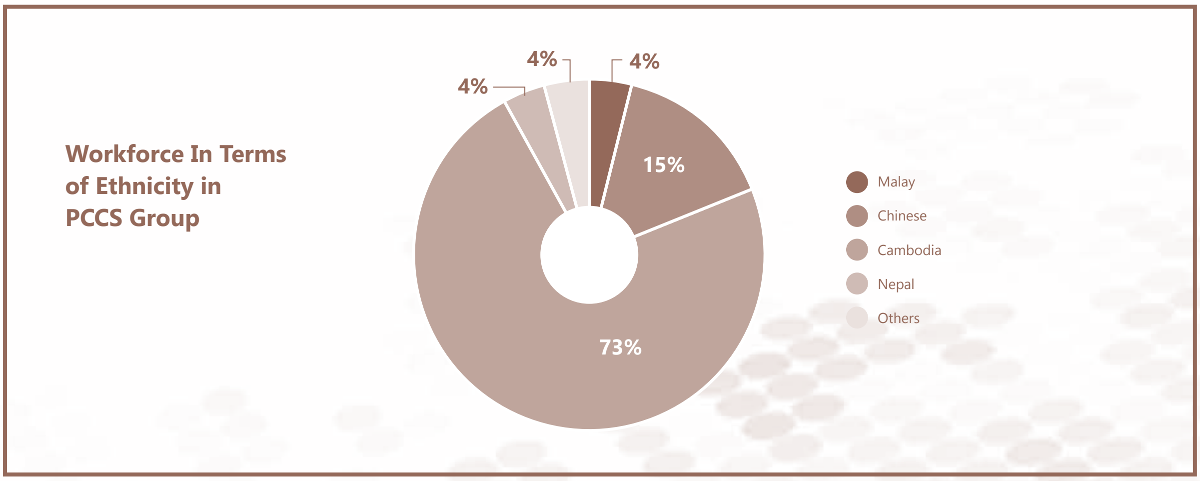
Within the Group, the mainly active subsidiaries located in Cambodia and China, respectively, the nationality of the Group's employees broadly reflected as such, in line with the Group's local hiring practices.

As at 30 June 2017, employees of Cambodian nationality constituted the largest workforce of the Group at 73%, while Chinese nationals from the Peoples' Republic of China and Hong Kong Special Administrative Region formed the next largest workforce at 12%. Malaysian constituted the third largest workforce at 7%.



Ethnicity diversity

As at 30 June 2017, employees of Cambodia ethnicity forms the largest workforce of the Group at 73%, with the next largest Group in terms of ethnicity were the Chinese nationals at 15%. Notwithstanding so, the Group's Human Resources Department has been instructed to ensure a well balance hiring of staff during their recruitment process.



(1) WORKPLACE (CONT'D)

(c) Healthy and Safe working environment

The Group places high emphasis on health and safety policy at the work place for maximising the well-being of all its employees and aims to maintain its excellence in Occupational Safety and Health standards.

Occupational Safety, Health and Environment ("OSHE") Committee

An OSHE Committee has been established since year 1996 to oversee the adherence to the Occupational Safety and Health standards. To ensure the effectiveness in implementing the OSHE standards, the OSHE Committee has undertaken the following initiatives:-

(1) Adoption of an Emergency Response Plan with periodic review;
(2) Adoption of OSHE Manual since January 1998 with periodic review;
(3) Formation of a Emergency Response Team;
(4) Formation of a First Aid Team; and
(5) Formation of an Internal Compliance Audit Team.

Activities undertaken by OSHE Committee

During the financial year under review, the OSHE Committee has organised the following activities:-

- Periodic internal meetings to ensure all OSHE updates were well disseminated;
- Review of feedbacks and recommendations from all levels of employees, local authorities and buyers' vendor compliance auditors;
- A total of 24 staff have been trained and qualified as the First Aider;
- An 18-man fire fighting team was formed;
- Firefighting and safety drills were exercised to instil sense of awareness amongst employees; and
- Emphasis on usage of safety gears and equipment.
- Provide Fire Drill Training programme for support employees to develop techniques and knowledge in order to perform during an emergency with minimal equipment or material until fireman arrived.

(d) Employees' well being

The Group has strived to increase the motivation of its employees through various initiatives for the financial year ended 31 March 2017:-

Annual Dinner & Award

The Group has held Annual Dinner as an appreciation to the staff located in People's Republic of China on 11 January 2017. At the Annual Dinner, awards would be given for long-serving employees as well as best employees in different divisions.

(2) ENVIRONMENT

The Group is committed to conducting a moral and social responsibility in reducing the carbon footprint, contributing towards a greener environment.

Corporate Responsibility Statement

(2) ENVIRONMENT (CONT'D)

Automation and Clean Technology

In pursuit of technological advancement, the Group has annual budget for capital expenditures where the Group would identify and acquire the latest machineries that could reduce labour errors and efficient power consumption. By reducing the material wastage and power consumption in the manufacturing process, the Group has in turn contributed to a greener environment by reducing its carbon footprint.

Environmental-friendly Practices

Being one of the major local employer in Cambodia, the Group has undertaken the opportunity to promote and/or embark on the following environmental-friendly practices at its premises:-

- Proper Waste Management system;
- Full utilisation of well-arranged sanitary system; and
- Energy conservation efforts.

(3) COMMUNITY

Moving ahead to realise its vision of becoming an excellent business solution provider in apparel and labelling & stickers manufacturing industries, the Group believes that it is only with sharing its benefits with the community in which its employees reside, PCCS can continue to grow and be successful.

Cultural Event in Malaysia and Cambodia

For the financial year ended 31 March 2017, the Group's subsidiaries in Malaysia, namely Mega Label (Malaysia) Sdn Bhd ("**MEGAM**") have celebrated "Hari Raya" at MEGAM's factory premises, that one of the most important festival in the Malaysia.

In October 2016, the Group's subsidiary in Cambodia, JIT Embroidery Limited ("**JIT**") has celebrated "Pchum Ben" which is a 15-day Cambodian religious festival. "Pchum Ben" is one of the most important festival event in the Buddhist-majority Cambodia.

Donations to Non-profit organisations

As part of its contributions to the local community in Batu Pahat, where the headquarter of the Group is located, the Group has been providing financial contributions to various activities carried out by local non-profit organisations.

For the financial year ended 31 March 2017, donations were made to selected society and association as well as Charity of BP Commercial House Golf Competition 2016.

Corporate Responsibility Statement

MARKETPLACE

As a listed entity as well as an employer, the Group has an obligation to its shareholders and statutory obligations to the relevant authorities. The Group has instituted several responsible marketplace practices to maintain the highest standards of integrity, fairness and transparency in our conduct of business.

(a) Corporate Disclosure Practices

The Group recognises the importance of timely and thorough dissemination of accurate and useful information relating to our operations to stakeholders. In this regard, we strictly adhere to the disclosure requirements of Bursa Securities and the Malaysian Accounting Standards Board. In fact, this Annual Report contains comprehensive information pertaining to the Group, while various disclosures on financial results provide stakeholders with the latest financial information on the Group.

For the financial year ended 31 March 2017, the Board has adopted a Corporate Disclosure Policy to be utilised by the Group.

(b) Dedicated sections at corporate website

The Group has been using its corporate website at http://www.pccsgroup.net/ to communicate its Group believe, developments, overview of the Group, announcements, introducing its Board of Directors and etc. provides the public with convenient and timely access to business updates, and financial and non-financial information. Furthermore, stakeholders are able to direct queries to the Group via this website.

The Company has created three (3) dedicated sections/ notices to ensure more effective dissemination of information:-

- "**Investor Relations**" section;
- "**Media Centre**" section; and
- "**Contact Us**" section.

Listing of Contact Persons

In view of the diverse locations of the Group's subsidiaries around the globe, each operating subsidiary has identify contact persons whereby stakeholders may direct their enquiries to them directly. Full address, telephone number, facsimile, and email address (where available) are duly listed at http://www.pccsgroup.net/.

CONCLUSION

The Group noted that Bursa Malaysia has always advocated CR as key to sustainability.

Similarly, the Group strongly believes that workplace that is ecologically-harmless and accident-free would cultivate good physical and emotional health, which in turn would enhance the employees' productivity, efficiency and work quality.

Besides, the Group also recognises the important of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

Management's Discussion and Analysis

Dear Shareholders,

On behalf of the executive management of the PCCS Group Berhad, I am pleased to present the Management's Discussion and Analysis ("**MD&A**") for your information. The MD&A aims to provide you and the stakeholders with an overview of our business, operations and financial performance of the Group for the financial year ended ("**FYE**") 31 March 2017.

OUR BUSINESS

As indicated by the Board Chairman in his Letter to Shareholders, our vision is to be an excellent business solution provider in the apparel and labelling & stickers manufacturing industries. In order to realise our vision, we have pursued a concentrated growth strategy which involves the setting-up of various specialised subsidiaries to supplement the services of embroidery, labels, flexible tape, marketing and distribution of products overseas, in addition to the core business of garment manufacturing and marketing.

Began from in-house needs and demand, Mega Label (Malaysia) Sdn. Bhd. was established in 1987 to supply apparels labels to its sister company. After years of expansion, our labels printing division covers a wide range of market segments include pharmaceutical, electronics, personal care and cosmetics, food and beverages, household and toiletries and industrial products. Products include prime labels, heat-transfer labels, in mould labels, textiles labels, twill-tape and promotional labels.

With forty (40) years experience in apparel manufacturing industry, we have a skilled grounding and a powerful team as well as we pay great attention to human resource development, meanwhile uphold the concept of society must be rewarded, thus leads us adapt to the commercial environment changes and enable of the sustainable of the Group.

To remain competitive in the challenging market environment and catching up with fast-changing global business trend, the Group always believe in technology advancement. Therefore, our factories are well equipped with the necessary tools in every stage of job processing.

Key business units

In order to realise our vision and mission, our Group has been organised into business units based on their products and services, and has three (3) reportable operating segments as follows:

(i) Apparel Division

The core activities of the Apparel Division are manufacturing and marketing of apparels.

The flagship subsidiaries of the Group under this Division are:-

(a) Apparel manufacturing:-

Manufacturing location – Batu Pahat, Malaysia
- Perusahaan Chan Choo Sing Sdn. Bhd.

Manufacturing location - Cambodia
- JIT Textiles Limited

Manufacturing location – People's Republic of China ("**PRC**")
- PCCS Garments (Suzhou) Ltd

OUR BUSINESS (CONT'D)

Key business units (Cont'd)

(i) Apparel Division (Cont'd)

(b) Apparel marketing – based in Hong Kong, Special Administrative Region ("**SAR**")

- PCCS (Hong Kong) Limited

(ii) Labelling Division

The core activities of the Labelling Division are the printing of labels and stickers for garment and other products, to meet mainly the in-house requirements of the Apparel Division.

The flagship subsidiaries of the Group under this Division are:-

(a) Labelling Facilities – Malaysia
- Mega Label (Malaysia) Sdn. Bhd. – Shah Alam & Batu Pahat

(b) Labelling Facility – Cambodia
- Mega Labels & Stickers (Cambodia) Co., Ltd.

(iii) Others

The Others include investment holding and provision for management services, manufacturing of seamless bonding; printing and marketing of silk screen printing products and etc.

The entities under this Division are:-

(a) Investment holding

- PCCS Group Berhad – being the holding company of the Group

(b) Facilities in Cambodia

- Perfect Seamless Garments (Cambodia) Limited
- Beauty Silk Screen Limited

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss whiles Group financing costs and income taxes are managed on a group basis.

OUR BUSINESS (CONT'D)

Financial Highlights

Overview and outlook of Malaysian economy

Positive prospects for the Malaysian economy in 2017 are premised upon expectations of an improving global economy and the continued growth in domestic demand. The Malaysian economy is projected to register growth of 4.3% - 4.8% in 2017 (2016: 4.2%). Domestic demand will continue to be the main driver of growth, underpinned primarily by private sector activity. Reflecting the Government's commitment to fiscal consolidation, the contribution of public sector to growth is expected to remain moderate going forward. Nevertheless, public sector expenditure will remain supportive of growth. On the external front, export growth is expected to recover gradually, in line with the improvement in global growth.

Private investment is projected to register a modest growth of 4.1% in 2017, as firms are expected to remain cautious amidst continued uncertainty in the economic environment. Nevertheless, private investment will remain supported by implementation of on-going and new projects, particularly in the services and manufacturing sectors.

Malaysia will face these challenges from a position of strength. The Malaysian economy's strengths are derived from its highly diversified economic structure, resilient external position and policy flexibility. Financial intermediation will remain supportive of growth, underpinned by strong bank balance sheets and a well-developed financial market. Looking ahead, the challenging global environment necessitates continued emphasis on enhancing the nation's economic resilience and broadening growth sources. Efforts are being intensified to rebuild policy space, proactively address potential vulnerabilities and unlock the potential of new growth areas. These structural reforms and pre-emptive policy measures are envisaged to provide greater support to Malaysia's future growth prospects.

(Source: Annual Report 2016, Bank Negara Malaysia)

Overview and outlook of the textiles industry in Malaysia

Exports of textile, clothing and footwear continued to increase in 7.1% (January-August 2015: 6.8%), particularly driven by a strong rebound of textile yarns (13.6%). Receipts increased mainly from Japan, Turkey, China and Singapore.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

The textiles and textile products industry comprises both upstream (primary textiles) and downstream activities (garments, textile products and accessories). In 2016, the industry was the country's 10th largest export earner with total exports of RM12.6 billion and contributing approximately 2.1% to Malaysia's total exports of manufactured goods. Turkey becomes a leading export market for Malaysian textile products, contributing RM776.7 million (11.4%) of the industry's total exports followed by Japan and Indonesia.

In 2016, a total of eight projects were approved in the textiles and textile products industry with total investments of RM763.4 million. Domestic investments amounted to RM401 million (52.5%) while foreign investments accounted for RM362.4 million (47.5%). Of the total projects approved, two for primary textiles (RM698 million), two for ready-made garments (RM1.2 million) and four for textile products/accessories (RM64.2 million). Of the eight projects approved, four were new projects (RM456 million) while the remaining were expansion/ diversification projects (RM307.4 million).

OUR BUSINESS (CONT'D)

Financial Highlights (Cont'd)

Overview and outlook of the textiles industry in Malaysia (Cont'd)

Moving forward, textiles industry are still relevant and to be promoted especially on niche market and the upstream activities. Under the Malaysian 2015 Budget, the Government introduced a new tax incentive, namely, the Automation Capital Allowance (Automation CA) with the objective to accelerate the shift of manufacturing and services sectors, from labour intensive into high value added, knowledge-intensive and innovation-based industries.

(Source: Malaysia Investment Performance Report 2016, Malaysia Investment Development Authority)

Due to the intensified global competition, Malaysia textile manufacturers are moving up the value chain by diversifying into the production of higher value-added textiles, implementing automation and computerised manufacturing, processes, seeking business collaboration with foreign companies to acquire new technologies and undertaking research and development activities to develop new processes, new applications and value-added products. The industry currently employs more than 68,000 workers.

New growth areas in textiles industry have been targeted for promotion under the Third Industrial Master Plan (IMP3). The growth areas for the industry include: industrial and home textiles; functional fabrics; high-end fabrics and garments; ethnic fabrics; and key support facilities and services such as design houses and fashion centres, specialized dyeing and finishing facilities, etc.

Six (6) strategic thrusts have been set for further development of the industry during the IMP3 period. The thrusts include:

(a) Intensifying the promotion of investment in higher value-added textiles and apparel, including key support services;

(b) Sustaining the market share in textiles and apparel and promoting exports of the targeted growth areas;

(c) Intensifying regional integration of the industry;

(d) Enhancing domestic capabilities and facilitating the utilisation of ICT and new technologies;

(e) Enhancing the skills of the workforce in designing production and marketing; and

(f) Strengthening the institutional support for the further development of the industry.

To encourage investments in the textiles and textile products industry, several textile products/activities have been gazetted as promoted products/activities under the Promotion of Investment Act, 1986 and could be considered for tax incentives in the form of Pioneer Status or Investment Tax Allowance.

(Source: Malaysia Investment Development Authority's website: http://www.mida.gov.my/home/textiles-and-apparel-industry/posts/)

OUR BUSINESS (CONT'D)

Summary financial performance

Summary of the financial performance for the past three (3) audited financial statements for the FYEs 31 March 2014 to 2016 as well as the audited financial statements for the FYE 31 March 2017 are as follows:-

	FYE 31 March 2014	FYE 31 March 2015	FYE 31 March 2016 Restatement	FYE 31 March 2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	377,859	357,376	431,686	484,353
Gross profit	56,033	37,032	50,331	73,213
Profit after tax ["**PAT**"]/(Loss After Tax ["**LAT**"]) attributable to owners of the Company	4,707	(17,465)	(10,255)	(9,236)
Weighted average number of Shares in issue ('000)	60,012	60,012	60,012	60,012
Earnings Per Share ["**EPS**"] / (Loss Per Share ["**LPS**"])(2) (sen):	7.8	(29.1)	(17.1)	(15.4)
Gross profit margin (%)	14.83	10.36	11.66	15.12
PAT / (LAT) margin (%)	1.25	(4.89)	(2.38)	(1.90)

Operating segments information

Summary of the revenue and Operating Profit/(Operating Loss) based on the Group's operating segments for the past three (3) audited financial statements for the FYEs 31 March 2014 to 2016 as well as the audited financial statements for the FYE 31 March 2017 are as follows:-

	FYE 31 March 2014	FYE 31 March 2015	FYE 31 March 2016 Restatement	FYE 31 March 2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
External revenue				
Apparel	327,917	306,363	377,858	418,029
Labelling	32,308	35,149	42,503	48,688
Others*	17,634	15,864	11,325	17,636
Total	**377,859**	**357,376**	**431,686**	**484,353**
Operating Profit/(Operating Loss)				
Apparel	9,484	(14,852)	(6,127)	4,966
Labelling	2,355	(621)	6,701	3,687
Others*	(9,861)	(10,150)	(1,299)	(35,832)
Discontinue operation- Apparel	NA	NA	(6,638)	(8,265)
Inter-company adjustments and eliminations	7,502	12,768	7,384	45,391
Total	**9,480**	**(12,855)**	**21**	**9,947**

Note:

* *Others division includes investment holding and provision of management services, manufacturing of seamless bonding, embroidering of logos and emblems, printing and marketing of silk screen printing products.*

OUR BUSINESS (CONT'D)

Financial Highlights (Cont'd)

FYE 31 March 2017 vs FYE 31 March 2016

(i) Apparel division

The revenue from the Group's Apparel division increased by approximately 10.63% or RM40.17 million from approximately RM377.86 million recorded in the FYE 31 March 2016 to approximately RM418.03 million in the FYE 31 March 2017. The increased in revenue was mainly due to the steady revenue growth in China apparel division.

The Group's Apparel division registered an Operating Profit of approximately RM4.97 million in the FYE 31 March 2017 as compared to an Operating Loss of approximately RM6.13 million in the FYE 31 March 2016 mainly due to the contribution made by the profitable sectors and the underperformed sectors have been reduced.

(ii) Labelling division

The revenue from the Group's Labelling division increased by approximately 14.56 % or RM6.19 million from approximately RM42.50 million recorded in the FYE 31 March 2016 to approximately RM48.69 million in the FYE 31 March 2017. The increase in revenue was mainly due to continuously achieved greater market share and secured of quality customer service.

The Group's Labelling division registered an Operating Profit of approximately RM3.69 million in the FYE 31 March 2017 as opposed to an Operating Profit of approximately RM6.70 million in the FYE 31 March 2016 which was mainly attributable to the weak performance in Cambodia division.

(iii) Others

The revenue from the Group's Others division increased by approximately 55.69 % or RM6.31 million from approximately RM11.33 million recorded in the FYE 31 March 2016 to approximately RM17.64 million in the FYE 31 March 2017. The revenue increase was mainly due to more external orders secured from printing, embroidering and seamless bonding divisions. Despite the higher revenue recorded in the FYE 31 March 2017, the Operating Loss of the Group's Others division increased by RM34.53 million from approximately RM1.30 million in the FYE 31 March 2016 to approximately RM35.83 million in the FYE 31 March 2017 mainly due to impairment of investment in Cambodia subsidiaries in the investment holding company.

FYE 31 March 2016 vs FYE 31 March 2015

(i) Apparel division

The revenue from the Group's Apparel division increased by approximately 23.34% or RM71.50 million from approximately RM306.36 million recorded in the FYE 31 March 2015 to approximately RM377.86 million in the FYE 31 March 2016. The increase in revenue was mainly contributed by the significant increase in orders received by the Group's manufacturing plants in the PRC as a result of existing buyers' relations and their confidence have been strengthened and thus urged the existing buyers increased orders.

The Group's Apparel division registered a lower Operating Loss of approximately RM6.13 million in the FYE 31 March 2016 as compared to an Operating Loss of approximately RM14.85 million in the FYE 31 March 2015 mainly due to the increase in the revenue detailed above. However, the decrease in the Operating Loss of 58.72% in the FYE 31 March 2016 was not proportionate to the significant increase in the revenue of 56.36% which is mainly attributable to decrease in margin due to an increase in labour costs in Cambodia divisions.

OUR BUSINESS (CONT'D)

Financial Highlights (Cont'd)

FYE 31 March 2016 vs FYE 31 March 2015 (Cont'd)

(ii) Labelling division

The revenue from the Group's Labelling division increased by approximately 20.92% or RM7.35 million from approximately RM35.15 million recorded in the FYE 31 March 2015 to approximately RM42.50 million in the FYE 31 March 2016. The increase in revenue was mainly due to achieved greater market share and stronger pricing negotiation power.

The Group's Labelling division registered an Operating Profit of approximately RM6.70 million in the FYE 31 March 2016 as opposed to an Operating Loss of approximately RM0.62 million in the FYE 31 March 2015 which was mainly attributable to the increase in the revenue detailed above and improved profit margins due to economies of scale.

(iii) Others

The revenue from the Group's Others division decreased by approximately 28.61% or RM4.54 million from approximately RM15.86 million recorded in the FYE 31 March 2015 to approximately RM11.33 million in the FYE 31 March 2016. As a supporting unit to the Group's Apparel division, the decrease of sales in the Group's operations in Cambodia has cascading effect in the Group's embroidering and printing activity.

Despite the lower revenue recorded in the FYE 31 March 2016, the Operating Loss of the Group's Others division decreased by 87.20% or RM8.85 million from approximately RM10.15 million in the FYE 31 March 2015 to approximately RM1.30 million in the FYE 31 March 2016 mainly due to embroidering and printing divisions have reduced their losses.

FYE 31 March 2015 vs FYE 31 March 2014

(i) Apparel division

The revenue from the Group's Apparel division decreased by approximately 6.57% or RM21.55 million from approximately RM327.92 million recorded in the FYE 31 March 2014 to approximately RM306.36 million in the FYE 31 March 2015 mainly due to the decrease in orders received by the Group's manufacturing plants in Cambodia as a result of increasing competition with the emergence of higher number of competitors in the textile industry in Cambodia and salaries costs in Cambodia were soaring, causing certain orders to be abandoned as unable to meet the internal margin targets.

The Group's Apparel division registered an Operating Loss of approximately RM14.85 million in the FYE 31 March 2015 as opposed to Operating Profit of approximately RM9.48 million in the FYE 31 March 2014 mainly due to the decrease in revenue as detailed above and higher labour costs in Cambodia and The People's Republic of China.

(ii) Labelling division

The revenue from the Group's Labelling division increased by approximately 8.79% or RM2.84 million from approximately RM32.31 million recorded in the FYE 31 March 2014 to approximately RM35.15 million in the FYE 31 March 2015. The increase in revenue was mainly due to increase in new customers. .

Despite the higher revenue recorded in the FYE 31 March 2015, the Group's Labelling division registered an Operating Loss of approximately RM0.62 million in the FYE 31 March 2015 as opposed to an Operating Profit of approximately RM2.36 million in the FYE 31 March 2014 which was due to an impairment loss in Cambodia's subsidiary investment.

OUR BUSINESS (CONT'D)

Financial Highlights (Cont'd)

FYE 31 March 2015 vs FYE 31 March 2014 (Cont'd)

(iii) Others

The revenue from the Group's Others division decreased by approximately 10.03% or RM1.77 million from approximately RM17.63 million recorded in the FYE 31 March 2014 to approximately RM15.86 million in the FYE 31 March 2015 mainly due to the decrease in sales for the Group's Apparel division of which the sales from the Group's embroidering and printing are dependent on as complementing divisions.

As a result of the lower revenue recorded in the FYE 31 March 2015, the Operating Loss of the Group's Others division increased by 2.93% or RM0.29 million from approximately RM9.86 million in the FYE 31 March 2014 to approximately RM10.15 million in the FYE 31 March 2015.

FUTURE OUTLOOK

The Company is principally involved in investment holding and provision of management services whilst its subsidiaries are engaged in the business of manufacturing and sale of apparels, printing and sale of labels and stickers, embroidering of logos, emblems and printing of silk screen products, manufacturing of elastic bands and related products, trading of apparels and accessories as well as manufacturing of seamless bonding.

The Group's revenue increased by 12.2% to RM484,353 million in the FYE 31 March 2017 as compared to RM431,686 million achieved in the FYE 31 March 2016 mainly due to the consolidation exercise in the Cambodia apparel division and influenced by the result of restatement of 2016 financial statement result.

The Group's apparel business recorded higher operating profit margin as compared to the Group's labelling business based on the latest audited consolidated financial statements of the Group for the FYE 31 March 2017 as detailed below:-

	Apparel		Labelling	
	(RM'000)	%	(RM'000)	%
Revenue	418,029	86.31*	48,688	10.05*
Operating profit/(loss)	4,966	49.92**	3,687	37.08**
Operating profit/(loss) margin (%)	1.19		7.57	

Notes:

* *Percentage is calculated based on the total revenue of the Group of RM484, 353 million for the FYE 31 March 2017.*

** *Percentage is calculated based on the operating profit of the Group of RM9, 947 million for the FYE 31 March 2017.*

FUTURE OUTLOOK (CONT'D)

Proposed Rights Issue of Shares with Warrants

After considering the various fund-raising methods available to the Company, the Board has on 5 May 2017 proposes to implement the following:-

1. proposed renounceable rights issue of up to 150,030,005 new ordinary shares in PCCS ("**PCCS Shares**") ("**Rights Shares**") on the basis of 5 Rights Shares for every 2 existing PCCS Shares held, together with up to 90,018,003 free detachable warrants ("**Warrants**") on the basis of 3 Warrants for every 5 Rights Shares subscribed at an entitlement date to be determined later ("**Proposed Rights Issue of Shares with Warrants**"); and

2. proposed exemption to CCS Capital Sdn Bhd ("**CCS Capital**") under Paragraph 4.08 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer for all the remaining PCCS Shares not already owned by CCS Capital and persons acting in concert with it upon completion of the Proposed Rights Issue of Shares with Warrants ("**Proposed Exemption**"), (collectively, "**the Proposals**").

Our Group is of the opinion that the Proposed Rights Issue of Shares with Warrants is currently an appropriate option as:-

(i) it will allow the Company to raise capital without incurring interest costs as opposed to other means of financing, such as bank borrowings;

(ii) new PCCS Shares can be issued without the existing shareholders' equity interests being diluted assuming that all the Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently. The Undertaking would allow the Undertaking Shareholder to extend their support for the Proposed Rights Issue of Shares with Warrants and facilitate the Group's fund-raising initiative;

(iii) it will provide an opportunity for the Company's existing shareholders to increase their equity participation in the Company by subscribing to the Rights Shares and exercising their Warrants;

(iv) the free Warrants will increase the attractiveness of the Rights Shares by providing an incentive to the shareholders of PCCS to subscribe for their entitlements and hence, providing them with the potential capital appreciation arising from the exercise of the Warrants, depending on the future price performance of the PCCS Shares; and

(v) the Warrants will enable the Company to raise further proceeds from the equity market as and when any of the Warrants are exercised while at the same time provide the shareholders of PCCS with the opportunity to increase their equity participation in the Company at a pre-determined price over the tenure of the Warrants.

Bursa Securities has, vide its letter dated 11 July 2017, approved the Proposed Rights Issue of Shares with Warrants.

As at the date of this MD&A, the Company is arranging for the despatch of Circular to Shareholders in order to seek approval of the shareholders on the Proposals at an Extraordinary General Meeting to be convened. Upon that, an application shall be made to the Securities Commission Malaysia for the regulatory approval on the Proposed Exemption. Barring unforeseen circumstances, the Proposals are expected to be completed by the third quarter of the financial year ending 31 March 2018.

ANTICIPATED OR KNOWN RISKS

As the Group possess few plants in overseas, government and political risks could be able to have a great influence on the Group, thus the Management has been taking corresponding measures to reduce the risk. Moreover, global economic risk is always exist however the Management has been endeavoring to broaden its customer base as well as keep monitoring market trend to reduce its risk.

PLANS OR STRATEGIES EMPLOYED TO MITIGATE THE RISKS

Moving forward, the Group will continue to consolidate its operation in Cambodia apparel division to improve operational and cost efficiencies. The consolidation of its Cambodia apparel division may affect the productivity of the apparels in short run, however it would enable to Group to focus on expanding its China apparel division which is expected to have better growth prospect. In addition, the Group will expand its labelling business which provides higher operating profit margin as well as faster production cycle. Furthermore, the labelling business has a less volatile business cycle relative to the apparel business, which is expected to improve the profitability of the Group.

DIVIDEND

Notwithstanding the slightly better performance for the FYE 31 March 2017 as compared to the previous financial year, our Group still requires financial resources to maintain the momentum of turning around the operating profitability. Therefore, our Group has not adopt any fixed dividend policy for the FYE 31 March 2017.

For the FYE 31 March 2017, the Board has not recommended any dividend payments to the shareholders.

CONCLUSION

The performance of the Group will continue to be affected by factors such as the vitality in the international and domestic consumer sentiments due to apparels and labelling products are ultimately consumed by consumers. Our Group will continue its existing profitable businesses and expanding on its product range for its international buyers and distribution locally and abroad.

Shareholders can be rest assured that our Group will continue to implement prudent strategies in investment activities.

For and on behalf of the Executive Management

Chan Choo Sing
Group Managing Director

31 July 2017

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Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 19 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(loss) from continuing operations, net of tax	1,332	(19,519)
Loss from discontinued operations, net of tax	(10,349)	-
Loss net of tax	(9,017)	(19,519)
(Loss)/profit attributable to:		
Owners of the parent	(9,236)	(19,519)
Non-controlling interests	219	-
	(9,017)	(19,519)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, 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.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Chan Choo Sing
Chan Chow Tek
Dato' Chan Chor Ngiak
Chan Chor Ang
Julian Lim Wee Liang
Piong Yew Peng

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might 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 benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.4.2016	**Bought**	**Sold**	**31.3.2017**
Direct interest -				
Chan Choo Sing	2,643,220	-	-	**2,643,220**
Chan Chow Tek	2,272,750	-	-	**2,272,750**
Dato' Chan Chor Ngiak	339,817	-	-	**339,817**
Chan Chor Ang	542,350	-	-	**542,350**
Indirect interest -				
Chan Choo Sing	28,495,382	-	-	**28,495,382**
Chan Chow Tek	24,000,078	-	-	**24,000,078**
Dato' Chan Chor Ngiak	24,001,411	-	-	**24,001,411**
Chan Chor Ang	24,040,078	-	-	**24,040,078**

Chan Choo Sing, Chan Chow Tek, Dato' Chan Chor Ngiak and Chan Chor Ang by virtue of their interest in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

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

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report

INDEMNITIES TO DIRECTORS, OFFICERS OR AUDITORS

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

SUBSEQUENT EVENTS

Details of subsequent event is disclosed in Note 39 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 11 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2017.

Chan Choo Sing

Chan Chow Tek

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Chan Choo Sing and Chan Chow Tek, being two of the directors of PCCS Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 92 to 168 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 July 2017.

Chan Choo Sing

Chan Chow Tek

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Chan Choo Sing, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 92 to 169 are in my opinion 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.

Subscribed and solemnly declared by
the abovenamed, Chan Choo Sing
at Batu Pahat in the State of Johor
on 26 July 2017

Chan Choo Sing

Before me,

CHIANG EE CHIN (J247)
Commissioner for Oaths

Independent Auditors' Report

to the members of PCCS Group Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PCCS Group Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 92 to 168.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

Key Risk	Our response
Impairment of investment in subsidiaries and related property, plant and equipment (Refer to Note 7.2(f), Note 16 and Note 19 to the financial statements) The gross values before impairment losses of the Company's investment in subsidiaries and the Group's property, plant and equipment as at 31 March 2017 were RM81 million and RM177 million respectively. The continued losses reported by some subsidiaries of the Group indicated that the carrying amounts of the Company's investment in these subsidiaries and the Group's property, plant and equipment may be impaired. Accordingly, management performed an impairment test of the investment in these subsidiaries and related property, plant and equipment by estimating their recoverable amounts using value-in-use ("**VIU**"). Determining the VIU involves estimating the future cash inflows and outflows that will be derived from the operations of the subsidiary or CGU, and discounting them at an appropriate rate. The impairment review gave rise to impairment loss on investment in subsidiaries of the Company and property, plant and equipment of the Group of RM17 million and RM0.4 million respectively for the year ended 31 March 2017. We identified this as our area of audit focus due to the significance of the carrying amounts of investment in subsidiaries of the Company and property, plant and equipment of the Group, and the complexity of the review which is based on assumptions that are highly judgmental.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (i) Obtained an understanding of the relevant internal controls over estimating the recoverable amount. (ii) Obtained an understanding of the methodology adopted by management in estimating the recoverable amount and assessed whether such methodologies are consistent with those used in the industry. (iii) Evaluated the management's assumptions on revenue growth rate, gross profit margin and terminal growth rate by comparing to the historical trends and external available data. (iv) Assessed, with the involvement of our internal valuation specialists, whether the discount rate used reflects the return that investors would require if they were to choose a similar investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive. (v) Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

Information other than the financial statements and auditors' report thereon

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information other than the financial statements and auditors' report thereon (Cont'd)

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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.

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:

- 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.

- 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 the Company's internal control.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (Cont'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 or 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.

- 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.

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

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 169 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Ernst & Young
AF 0039
Chartered Accountants

Lee Ah Too
2187/09/17(J)
Chartered Accountant

Melaka, Malaysia
Date: 26 July 2017

Statements of Comprehensive Income

For the financial year ended 31 March 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Continuing operations					
Revenue	8	**484,353**	431,686	**1,790**	1,500
Cost of sales		**(411,140)**	(381,355)	**-**	-
Gross profit		**73,213**	50,331	**1,790**	1,500
Other items of income					
Interest income		**193**	104	**73**	87
Other income	9	**4,816**	5,548	**7,869**	5,301
Other items of expense					
Administrative expenses		**(58,460)**	(44,150)	**(29,251)**	(5,910)
Selling and marketing expenses		**(9,813)**	(11,812)	**-**	-
Share of results of associates		**(2)**	-	**-**	-
Operating profit/(loss)		**9,947**	21	**(19,519)**	978
Finance costs	10	**(5,413)**	(5,546)	**-**	-
Profit/(loss) before tax from continuing operations	11	**4,534**	(5,525)	**(19,519)**	978
Income tax expense	14	**(3,202)**	(214)	**-**	-
Profit/(loss) from continuing operations, net of tax		**1,332**	(5,739)	**(19,519)**	978
Discontinued operations					
Loss from discontinued operations, net of tax		**(7,244)**	(4,884)	**-**	-
Non-controlling interests		**(3,105)**	(2,093)	**-**	-
	25	**(10,349)**	(6,977)	**-**	-
(Loss)/profit net of tax		**(9,017)**	(12,716)	**(19,519)**	978
Other comprehensive income:					
Foreign currency translation		**(1,164)**	1,701	**-**	-
Other comprehensive income for the year, net of tax		**(1,164)**	1,701	**-**	-
Total comprehensive (loss)/ income for the year		**(10,181)**	(11,015)	**(19,519)**	978

Statements of Comprehensive Income

For the financial year ended 31 March 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(Loss)/profit attributable to:					
Owners of the parent		**(9,236)**	(10,255)	**(19,519)**	978
Non-controlling interests		**219**	(2,461)	**-**	-
		(9,017)	(12,716)	**(19,519)**	978
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		**(10,400)**	(8,739)	**(19,519)**	978
Non-controlling interests		**219**	(2,276)	**-**	-
		(10,181)	(11,015)	**(19,519)**	978
Loss per share attributable to owners of the parent (sen per share)					
Basic and diluted (continuing operations)	15	**(3.3)**	(8.9)		
Basic and diluted (discontinued operation)	15	**(12.1)**	(8.1)		
Basic, for loss for the year	15	**(15.4)**	(17.0)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 March 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	**68,756**	71,525	**52**	70
Investment properties	17	**10,981**	10,754	**-**	-
Land use rights	18	**3,141**	2,920	**-**	-
Investment in subsidiaries	19	**-**	-	**49,173**	59,803
Investment in associate	20	**21**	-	**-**	-
Deferred tax assets	28	**-**	89	**-**	-
		82,899	85,288	**49,225**	59,873
Current assets					
Inventories	21	**61,619**	64,801	**-**	-
Trade and other receivables	22	**121,444**	80,699	**2,946**	3,637
Other current assets	23	**6,773**	9,765	**28**	27
Tax recoverable		**-**	-	**79**	45
Cash and bank balances	24	**36,127**	38,034	**5,760**	5,761
		225,963	193,299	**8,813**	9,470
Total assets		**308,862**	278,587	**58,038**	69,343
Equity and liabilities					
Current liabilities					
Loans and borrowings	26	**97,167**	89,951	**-**	-
Trade and other payables	27	**108,247**	84,066	**16,903**	8,689
Tax payable		**11,137**	5,400	**-**	-
		216,551	179,417	**16,903**	8,689
Net current assets/(liabilities)		**9,412**	13,882	**(8,090)**	781
Non-current liabilities					
Loans and borrowings	26	**3,250**	2,026	**-**	-
Deferred tax liabilities	28	**549**	-	**-**	-
		3,799	2,026	**-**	-
Total liabilities		**220,350**	181,443	**16,903**	8,689
Net assets		**88,512**	97,144	**41,135**	60,654

Statements of Financial Position

As at 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Equity attributable to owners of the parent					
Share capital	29	**60,012**	60,012	**60,012**	60,012
Share premium	30(a)	**4**	4	**4**	4
Foreign exchange reserve	30(b)	**6,430**	7,594	**-**	-
Legal reserve fund	30(c)	**326**	326	**-**	-
Retained earnings/(Accumulated losses)	31	**19,741**	28,977	**(18,881)**	638
Shareholders' equity		**86,513**	96,913	**41,135**	60,654
Non-controlling interests		**1,999**	231	**-**	-
Total equity		**88,512**	97,144	**41,135**	60,654
Total equity and liabilities		**308,862**	278,587	**58,038**	69,343

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 March 2017

Group 2017	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Non-controlling interests RM'000
		Attributable to owners of the parent							
			Non-distributable		Distributable	Non-distributable			
Opening balance at 1 April 2016	**97,144**	**96,913**	**60,012**	**4**	**28,977**	**7,920**	**7,594**	**326**	**231**
Disposal of shares of subsidiaries	**1,549**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,549**
Total comprehensive (loss)/income	**(10,181)**	**(10,400)**	**-**	**-**	**(9,236)**	**(1,164)**	**(1,164)**	**-**	**219**
	(8,632)	**(10,400)**	**-**	**-**	**(9,236)**	**(1,164)**	**(1,164)**	**-**	**1,768**
Closing balance at 31 March 2017	**88,512**	**86,513**	**60,012**	**4**	**19,741**	**6,756**	**6,430**	**326**	**1,999**
2016									
Opening balance at 1 April 2015	106,307	105,652	60,012	4	39,232	6,404	6,078	326	655
Issuance of shares of subsidiary	1,852	-	-	-	-	-	-	-	1,852
Total comprehensive loss	(11,015)	(8,739)	-	-	(10,255)	1,516	1,516	-	(2,276)
Closing balance at 31 March 2016	97,144	96,913	60,012	4	28,977	7,920	7,594	326	231

Statements of Changes in Equity

For the financial year ended 31 March 2017

			Non-distributable	Distributable
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	(Accumulated losses)/ Retained earnings RM'000
Company				
2017				
Opening balance at 1 April 2016	**60,654**	**60,012**	**4**	**638**
Total comprehensive loss	**(19,519)**	**-**	**-**	**(19,519)**
Closing balance at 31 March 2017	**41,135**	**60,012**	**4**	**(18,881)**
2016				
Opening balance at 1 April 2015	59,676	60,012	4	(340)
Total comprehensive income	978	-	-	978
Closing balance at 31 March 2016	60,654	60,012	4	638

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 March 2017

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Operating activities				
Profit/(loss) before tax				
- Continuing operations	**4,534**	(5,525)	**(19,519)**	978
- Discontinued operation	**(8,598)**	(6,977)	**-**	-
(Loss)/profit before tax, total	**(4,064)**	(12,502)	**(19,519)**	978
Adjustments for:				
Bad debts written off	**86**	13	**5,717**	-
Depreciation and amortisation:				
- Property, plant and equipment	**9,156**	10,670	**20**	26
- Investment properties	**253**	261	**-**	-
- Land use rights	**71**	69	**-**	-
Gain on disposal of:				
- Property, plant and equipment	**(2)**	(282)	**-**	-
Loss on disposal of subsidiary	**-**	-	**457**	-
Impairment loss on:				
- Property, plant and equipment	**416**	-	**-**	-
- Investment in subsidiaries	**-**	-	**17,162**	1,068
- Trade and other receivables	**21**	19	**-**	2,178
Payment on behalf expenses	**-**	-	**4,039**	-
Write-down of inventories	**1,052**	170	**-**	-
Interest expense	**5,746**	5,885	**-**	-
Interest income	**(193)**	(104)	**(73)**	(87)
Net unrealised foreign exchange (gain)/loss	**(4,481)**	(460)	**(697)**	688
Reversal of allowance for impairment of investment in subsidiaries	**-**	-	**(6,989)**	(4,529)
Property, plant and equipment written off	**4,024**	511	**2**	-
Total adjustments	**16,149**	16,752	**19,638**	(656)
Operating cash flows before changes in working capital	**12,085**	4,250	**119**	322
Changes in working capital				
Decrease/(increase) in inventories	**2,130**	(11,045)	**-**	-
(Increase)/decrease in trade and other receivables	**(38,148)**	(5,002)	**(8,634)**	3,971
Decrease/(increase) in other current assets	**2,991**	(2,659)	**(1)**	(14)
Increase/(decrease) in trade and other payables	**25,445**	17,044	**8,099**	(4,655)
Total changes in working capital	**(7,582)**	(1,662)	**(536)**	(698)
Cash flows from/(used in) operations	**4,503**	2,588	**(417)**	(376)

Statements of Cash Flows

For the financial year ended 31 March 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Changes in working capital (Cont'd)				
Interest paid	**(5,746)**	(5,885)	-	-
Tax (paid)/refund	**(1,401)**	812	**(34)**	37
	(7,147)	(5,073)	**(34)**	37
Net cash flows (used in)/from operating activities	**(2,644)**	(2,485)	**(451)**	(339)
Investing activities				
Interest received	**193**	104	**73**	87
Additional investment in associate	**(21)**	-	**-**	-
Additional investment in subsidiary	**-**	-	**-**	(1,928)
Purchase of property, plant and equipment	**(3,973)**	(7,458)	**(4)**	(8)
Placement of deposit pledged with bank	**-**	(20)	**-**	-
Proceeds from withdrawal deposit pledged with bank	**441**	-	**-**	-
Proceeds from disposal of:				
- Property, plant and equipment	**297**	964	**-**	-
Net cash outflows from discontinued operations (Note 25)	**(99)**	-	**-**	-
Proceeds from issuance of shares of subsidiary	**-**	1,852	**-**	-
Share of loss of non-controlling interest	**1,499**	-	**-**	-
Net cash flows (used in)/from investing activities	**(1,663)**	(4,558)	**69**	(1,849)
Financing activities				
Repayments of finance lease liabilities	**(758)**	(1,126)	**-**	-
Repayment of term loans	**(3,084)**	(3,618)	**-**	-
Increase in short term borrowings	**8,393**	33,626	**-**	-
Net cash flows from financing activities	**4,551**	28,882	**-**	-
Net increase/(decrease) in cash and cash equivalents	**244**	21,839	**(382)**	(2,188)
Effects of foreign exchange rate changes	**(2,255)**	(927)	**381**	-
Cash and cash equivalents at 1 April	**36,852**	15,940	**5,761**	7,949
Cash and cash equivalents at 31 March (Note 24)	**34,841**	36,852	**5,760**	5,761

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

PCCS Group Berhad ("**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 registered office of the Company is located at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 19.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRS**") as issued by the Malaysian Accounting Standards Board ("**MASB**"), International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to nearest thousand (RM'000) except when otherwise indicated.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group") as at 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. BASIS OF CONSOLIDATION (CONT'D)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Business combinations and goodwill (Cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling on interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

4.2 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Fair value measurement

The Group measures financial instruments such as investment securities and contingent consideration assets at fair value at each reporting date. Fair value related disclosures for financial instruments are summarised in the following notes:

	Note
Financial instruments (including those carried at amortised)	35

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Fair value measurement (Cont'd)

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.4 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

4.5 Foreign currencies

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Foreign currencies (Cont'd)

(b) Transactions and balances (Cont'd)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4.6 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group and the Company have concluded that they are the principals in all of its revenue arrangements since they are the primary obligors in all the revenue arrangements, have pricing latitude and are also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Revenue and other income recognition (Cont'd)

(b) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("**EIR**"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

4.7 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund ("**EPF**") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed. Some of the Group's foreign subsidiaries are also making contribution to their respective country's statutory pension schemes.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.10 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Property, plant and equipment (Cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings	20 to 50 years
- Plant and machinery, air-conditioners, factory equipment and electrical installations	10 years
- Renovation, furniture and fittings and office equipment	5 to 10 years
- Motor vehicles	5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

4.11 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for investment properties are in accordance with that for property, plant and equipment as described in Note 4.10.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.10 up to the date of change in use.

4.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (Cont'd)

(a) As lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is disclosed in Note 4.6(e).

4.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

4.14 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

4.16 Impairment of non-financial assets

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment calculation are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Subsequent measurement (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and an ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

The Group did not have any held-to-maturity investments during the years ended 31 March 2016 and 2017.

(iii) Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The ability and intention to sell its AFS financial assets in the near term are evaluated whether they are still appropriate. When, in rare circumstances, these financial assets cannot be traded due to inactive markets, these financial assets will be reclassified if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The rights to receive cash flows from the asset have been transferred or an obligation to pay the received cash flows in full without material delay to a third party has been assumed under a 'pass-through' arrangement; and either (a) substantially all the risks and rewards of the asset have been transferred or (b) substantially all the risks and rewards of the asset have neither been transferred nor retained but control of the asset has been transferred.

When the rights to receive cash flows from an asset have been transferred or when a pass-through arrangement has been entered into, the Group evaluates if, and the extent of, the risks and rewards of ownership that have been retained. When substantially all of the risks and rewards of the asset have not been transferred nor retained, the transferred asset continues to be recognised to the extent of the Group's continuing involvement. In that case, an associated liability is also recognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

At each reporting date, an assessment is made as to whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the 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 or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, an assessment is made as to whether impairment exists individually (for financial assets that are individually significant) or collectively (for financial assets that are not individually significant). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments (Cont'd)

(b) Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale ("AFS") investments

For AFS financial investments, an assessment is made at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss) is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments (Cont'd)

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. No financial liabilities has been designated at fair value through profit or loss during the reporting period.

Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments (Cont'd)

(c) Financial liabilities (Cont'd)

(ii) Subsequent measurement (Cont'd)

Other financial liabilities (Cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("**EIR**") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

(iii) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iv) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Cash and short-term deposits

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, if any.

4.19 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When it is expected that some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

4.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs.

4.21 Cash dividend and non-cash distribution to equity holders of the Group

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

4.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurance or non-occurance of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

4.24 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

5. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after the date stated below:

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016

5. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Annual Improvements to MFRSs 2012 - 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs. The directors do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements, except as discussed below:

Standards	Descriptions
MFRS 7 Financial Instruments: Disclosures	The amendments clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required. In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied restropectively.
MFRS 119 Employee Benefits	The amendments to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment is applied prospectively.
MFRS 134 Interim Financial Reporting	MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively and does not have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

These amendments are not expected to have any impact to the Group and the Company as the Group and the Company have not used a revenue-based method to depreciate its non-current assets.

5. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

Amendments to MFRS 101: Disclosure initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments do not have any impact on the Group's financial statements as the Group does not apply the consolidation exception.

6. NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company financial statements are discussed below. The Group and the Company intend to adopt these standards if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investments Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Amendments to MFRS 107: Disclosure Initiatives

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

6. NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (Cont'd)

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and the Company.

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The interpretation addresses which exchange rate to use in reporting foreign currency transaction that involve advance consideration paid or received. The interpretation is not expected to have a significant impact on the Group and the Company.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The directors anticipate that the application of MFRS 15 will have no material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date.

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

6. NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to assess the potential effect of MFRS 16 on its financial statements in year 2017.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

7.1 Judgments made in applying accounting policies

In the process of applying the above accounting policies, management has made the following judgments, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

7.1 Judgments made in applying accounting policies (Cont'd)

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The Group owns buildings which are fully rented to earn rentals, such properties have been classified as investment properties in the financial statements. The Group has also sub-let portion of another building but has decided to classify the entire building as property, plant and equipment as this portion cannot be sold separately and significant portion of the building is held for use in the production or supply of goods or for administrative purposes.

7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Assumptions and estimates are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Fair value of investment properties

The Group carried out the impairment test of investment properties based on fair value of investment properties. The Group engaged independent valuation specialists to determine fair value as at 31 March 2017 based on the comparison method.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

7.2 Estimates and assumptions (Cont'd)

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 22. If the financial conditions of the receivables of the Group were to deteriorate, additional provision may be required.

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The amount of deferred tax assets recognised in respect of unutilised tax losses, capital allowances, reinvestment allowances, and allowance for increased exports and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 28.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

7.2 Estimates and assumptions (Cont'd)

(f) Impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, the depreciated replacement cost valuation model is used.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

During the financial year, the Company reversed impairment of cost of investment in PCCS Garments (Suzhou) Ltd. amounting to RM6,988,811.

Key Assumptions Used to Derive Recoverable Amount

The recoverable amount is determined based on value-in-use ("VIU") calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment test of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group:

(i) Discount Rate

The discount rate used is based on the weighted average cost of capital of the subsidiaries.

(ii) Terminal Growth Rate

The terminal growth rate used is based on the subsidiaries expected long term inflation and economic growth rate.

7. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

7.2 Estimates and assumptions (Cont'd)

(f) Impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group (Cont'd)

The sensitivity of the impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group to changes in the key assumptions are as follow:

	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease in VIU by 13%	Increase in VIU by 16%
Terminal growth rate	1%	Increase in VIU by 13%	Decrease in VIU by 10%

8. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods	**484,353**	431,686	**-**	-
Management fee	**-**	-	**1,790**	1,500
	484,353	431,686	**1,790**	1,500

9. OTHER INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bad debts recovered	**-**	12	**-**	-
Gain on disposal of property, plant and equipment	**2**	270	**-**	-
Rental income	**59**	257	**-**	-
Reversal of allowance for impairment of investment in subsidiaries	**-**	-	**6,989**	4,529
Sales of stock lots	**2**	272	**-**	-
Sundry income	**272**	1,402	**-**	-
Realised foreign exchange gain	**-**	2,828	**183**	772
Unrealised foreign exchange gain	**4,481**	507	**697**	-
	4,816	5,548	**880**	4,233

10. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Interest expense on:		
- Bank loans and bank overdrafts	**5,259**	5,495
- Obligations under finance leases	**99**	51
Interest paid to director	**55**	-
Total finance costs	**5,413**	5,546

11. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Statutory audit				
Company's auditors	**201**	197	**43**	32
Other auditors	**66**	70	**-**	-
Overprovision in prior year	**-**	(10)	**-**	-
- Other services				
Company's auditors	**117**	67	**25**	25
Bad debts written off	**86**	13	**5,717**	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 16)	**8,801**	9,734	**20**	26
- Investment properties (Note 17)	**253**	261	**-**	-
- Land use rights (Note 18)	**71**	69	**-**	-
Employee benefits expense (Note 12)	**109,306**	111,804	**774**	887
Impairment loss/(reversal) on:				
- Trade and other receivables (Note 22)	**21**	(1,102)	**-**	2,178
- Property, plant and equipment (Note 16)	**416**	-	**-**	-
- Investment in subsidiaries	**-**	-	**17,162**	1,068
Write-down of inventories	**1052**	170	**-**	-
Loss on disposal of subsidiary	**-**	-	**457**	-
Minimum operating lease payments:				
- Land and buildings	**4,551**	4,555	**-**	-
- Machinery	**6**	70	**6**	6
Non-executive directors' emoluments (Note 13)	**281**	250	**246**	246
Unrealised foreign exchange loss	**-**	-	**-**	688
Realised foreign exchange loss	**577**	-	**-**	-
Property, plant and equipment written off	**1,747**	511	**2**	-

12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive directors (Note 13)				
Executive directors of the Company	**1,120**	935	**156**	156
Executive directors of subsidiaries	**835**	819	**-**	-
	1,955	1,754	**156**	156
Other staff				
Wages, salaries and bonus	**102,134**	104,619	**535**	634
Defined contribution plans	**3,440**	3,506	**67**	78
Other related costs	**1,777**	1,925	**16**	19
	107,351	110,050	**618**	731
	109,306	111,804	**774**	887

13. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	944	779	-	-
- Defined contribution plans	20	-	-	-
- Fees	156	156	156	156
	1,120	935	156	156
Non-Executive:				
- Fees	246	246	246	246
Directors of Subsidiaries				
Executive:				
- Salaries and other emoluments	835	819	-	-
Non-Executive:				
- Salaries and other emoluments	28	-	-	-
- Defined contribution plans	3	-	-	-
- Fees	4	4	-	-
	35	4	-	-
Total directors' remuneration	2,236	2,004	402	402
Analysis of directors' remuneration:				
Executive directors (Note 12)	1,955	1,754	156	156
Non-executive directors (Note 11)	281	250	246	246
Total directors' remuneration	2,236	2,004	402	402

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	**582**	27	**-**	-
- Foreign tax	**1,806**	8	**-**	-
- Under/(over) provision in respect of prior years	**176**	(144)	**-**	-
	2,564	(109)	**-**	-
Deferred tax (Note 28):				
- Origination and reversal of temporary difference	**430**	901	**-**	-
- Under/(over) provision in respect of prior years	**208**	(578)	**-**	-
	638	323	**-**	-
Income tax expense recognised in profit or loss	**3,202**	214	**-**	-

Current income tax is calculated at the Malaysian corporate statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. The corporate statutory tax rate will be reduced to range of 20% to 24% from the current year's tax rate of 24% effective from Year of Assessment 2017 and 2018. The reduction in the income tax rate is based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment. The effect of the change in future tax rate to deferred tax of the Company is determined not to be significant.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The below reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

14. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 are as follows:

	2017 RM'000	2016 RM'000
Group		
Accounting profit/(loss) before tax	**4,534**	(5,525)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	**1,088**	(1,326)
Different tax rates in other countries	**1,496**	627
Adjustments:		
Effect of income not subject to tax	**(2,528)**	(1,625)
Effect of expenses not deductible for tax purposes	**(763)**	1,118
Utilisation of previously unrecognised tax losses	**(1,649)**	(256)
Deferred tax assets recognised in respect of current year's unutilised reinvestment allowances	**-**	(43)
Deferred tax assets recognised on increased export allowance	**-**	607
Deferred tax assets not recognised in respect of unutilised capital allowances, reinvestment allowances and tax losses	**5,174**	1,834
Under/(over) provision of deferred tax in prior years	**208**	(578)
Under/(over) provision of tax expense in prior years	**176**	(144)
Income tax expense recognised in profit or loss	**3,202**	214
Company		
(Loss)/profit before tax	**(19,519)**	978
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	**(4,685)**	235
Adjustments:		
Effect of income not subject to tax	**(211)**	(1,016)
Effect of expenses not deductible for tax purposes	**3,594**	760
Deferred tax assets not recognised on unutilised current year business loss	**1,302**	21
Income tax expense recognised in profit or loss	**-**	-

15. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

15. LOSS PER SHARE (CONT'D)

(a) Basic loss per share (Cont'd)

The following tables reflect the profit and share data used in the computation of basic loss per share for the years ended 31 March:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Loss net of tax attributable to equity holders of the Company:		
- Continuing operations	**(1,992)**	(5,371)
- Discontinued operations	**(7,244)**	(4,884)
	(9,236)	(10,255)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares in issue ('000)	**60,012**	60,012
Basic loss per share (sen):		
Loss from continuing operations	**(3.3)**	(8.9)
Loss from discontinued operations	**(12.1)**	(8.1)
Basic loss per share (sen)	**(15.4)**	(17.0)

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the Company does not have any potential dilutive ordinary shares.

16. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 April 2015	41,169	127,526	50,145	7,548	226,388
Additions	1,927	4,536	1,439	608	8,510
Disposals	-	(9,513)	(105)	(545)	(10,163)
Written off	-	(3,182)	(3,926)	-	(7,108)
Exchange differences	200	3,114	764	130	4,208

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 31 March and 1 April 2016	43,296	122,481	48,317	7,741	221,835
Additions	-	5,728	1,065	524	7,317
Disposals	-	(13,640)	(833)	(1,412)	(15,885)
Written off	-	(34,947)	(14,425)	(642)	(50,014)
Reclassification	297	-	-	-	297
Exchange differences	1,165	8,463	3,090	426	13,144
At 31 March 2017	**44,758**	**88,085**	**37,214**	**6,637**	**176,694**
Accumulated depreciation and impairment losses					
At 1 April 2015	7,544	98,936	41,410	5,248	153,138
Depreciation charge for the year					
- Continuing operations (Note 11)	749	6,077	2,103	805	9,734
- Discontinued operation (Note 25)	-	742	169	25	936
	749	6,819	2,272	830	10,670
Disposals	-	(8,943)	(64)	(473)	(9,480)
Written off	-	(2,902)	(3,695)	-	(6,597)
Exchange differences	(7)	2,053	459	74	2,579
At 31 March and 1 April 2016	8,286	95,963	40,382	5,679	150,310
Depreciation charge for the year					
- Continuing operations (Note 11)	822	5,408	1,885	686	8,801
- Discontinued operation (Note 25)	-	269	74	12	355
	822	5,677	1,959	698	9,156
Disposals	-	(13,398)	(833)	(1,359)	(15,590)
Impairment charge for the year (Note 11)	-	416	-	-	416
Written off	-	(32,507)	(12,899)	(584)	(45,990)
Reclassification	113	-	-	-	113
Exchange differences	134	6,514	2,567	308	9,523
At 31 March 2017	**9,355**	**62,665**	**31,176**	**4,742**	**107,938**

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Analyse as:					
Accumulated depreciation	9,355	62,249	31,176	4,742	107,522
Accumulated impairment loss	-	416	-	-	416
	9,355	62,665	31,176	4,742	107,938
Net carrying amount:					
At 31 March 2016	35,010	26,518	7,935	2,062	71,525
At 31 March 2017	**35,403**	**25,420**	**6,038**	**1,895**	**68,756**

* **Land and buildings**

	Freehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Total RM'000
Cost				
At 1 April 2015	4,584	35,523	1,062	41,169
Additions	-	288	1,639	1,927
Reclassification	-	2,711	(2,711)	-
Exchange differences	-	190	10	200
At 31 March and 1 April 2016	4,584	38,712	-	43,296
Reclassification	-	297	-	297
Exchange differences	-	1,165	-	1,165
At 31 March 2017	**4,584**	**40,174**	**-**	**44,758**
Accumulated depreciation				
At 1 April 2015	-	7,544	-	7,544
Depreciation charge for the year	-	749	-	749
Exchange differences	-	(7)	-	(7)
At 31 March and 1 April 2016	-	8,286	-	8,286
Depreciation charge for the year	-	822	-	822
Reclassification	-	113	-	113
Exchange differences	-	134	-	134
At 31 March 2017	**-**	**9,355**	**-**	**9,355**
Net carrying amount				
At 31 March 2016	4,584	30,426	-	35,010
At 31 March 2017	**4,584**	**30,819**	**-**	**35,403**

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Air-conditioners RM'000	Computer and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company				
Cost				
At 1 April 2015	41	73	47	161
Additions	-	8	-	8
At 31 March and 1 April 2016	41	81	47	169
Additions	-	4	-	4
Written off	-	(32)	-	(32)
At 31 March 2017	**41**	**53**	**47**	**141**
Accumulated depreciation				
At 1 April 2015	8	43	22	73
Depreciation charge for the year (Note 11)	5	13	8	26
At 31 March and 1 April 2016	13	56	30	99
Depreciation charge for the year (Note 11)	4	8	8	20
Written off	-	(30)	-	(30)
At 31 March 2017	**17**	**34**	**38**	**89**
Net carrying amount				
At 31 March 2016	28	25	17	70
At 31 March 2017	**24**	**19**	**9**	**52**

(a) Net carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:

	Group 2017 RM'000	Group 2016 RM'000
Plant and machinery	**408**	2,364
Motor vehicles	**4,006**	312
	4,414	2,676

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM7,317,000 (2016: RM8,510,000) of which RM 3,344,000 (2016: RM1,051,000) were acquired by means of finance lease arrangements.

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) The Group's certain land and buildings with net carrying amounts of RM5,146,000 (2016: RM5,346,000) are pledged to secure the Group's bank borrowings as disclosed in Note 26. Certain property, plant and equipment of the Group with net carrying amounts of RM16,017,000 (2016: RM18,635,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 26.

(d) During the financial year, an impairment loss of RM416,000 (2016: RM Nil) was recognised in profits or loss based on the recoverable amounts using value-in-use ("VIU"). The key assumptions used in determining the value in use are disclosed in Note 7.2 (f).

17. INVESTMENT PROPERTIES

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
At 1 April	**11,893**	11,886
Exchange differences	**530**	7
At 31 March	**12,423**	11,893
Accumulated depreciation		
At 1 April	**1,139**	882
Depreciation charge for the year (Note 11)	**253**	261
Exchange differences	**50**	(4)
At 31 March	**1,442**	1,139
Net carrying amount	**10,981**	10,754
Fair value of investment properties (Note 35)	**16,175**	13,982

Certain investment properties of the Group with net carrying amounts of RM710,000 (2016: RM721,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 26.

18. LAND USE RIGHTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 April	**2,920**	2,877
Amortised for the year (Note 11)	**(71)**	(69)
Exchange differences	**292**	112
At 31 March	**3,141**	2,920

Short-term leasehold land of the Group with net carrying amount of RM530,000 (2016 : RM546,000) was subject to negative pledge in relation to banking facilities granted to the Group as described in Note 26. The land use rights have a remaining tenure ranging from 34 years to 45 years (2016: 35 years to 46 years).

19. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost	**80,824**	81,281
Less: Accumulated impairment losses	**(31,651)**	(21,478)
	49,173	59,803

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2017	2016
Subsidiaries of the Company				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	Manufacturing and sale of apparels	**100**	100
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	Temporarily ceased operations	**100**	100
Jusca Garments Sdn. Bhd.	Malaysia	Temporarily ceased operations	**100**	100
Keza Sdn. Bhd.*	Malaysia	Property holding	**100**	100
Mega Labels & Stickers Sdn. Bhd.	Malaysia	Temporarily ceased operations	**100**	100
Mega Label (Malaysia) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	**100**	100
Shern Yee Garments Sdn. Bhd. *	Malaysia	Temporarily ceased operations	**-**	100
Thirty Three Trading Sdn. Bhd. *	Malaysia	Temporarily ceased operations	**100**	100
PCCS Garments Limited	Cambodia	Temporarily ceased operations	**100**	100
JIT Textiles Limited	Cambodia	Manufacturing of apparels and providing sub-contracting services	**100**	100

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Subsidiaries of the Company (Cont'd)				
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing and sale of apparels	**100**	100
PCCS (Hong Kong) Limited *	Hong Kong	Trading of apparels	**100**	100
Beauty Apparels (Cambodia) Ltd. **	Cambodia	Temporarily ceased operations	**100**	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	**100**	100
Perfect Seamless Garments (Cambodia) Ltd.	Cambodia	Manufacturing of seamless bonding	**51**	51
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	**100**	100
Subsidiary of Shern Yee Garments Sdn. Bhd.				
Global Apparels Limited	Cambodia	Manufacturing and sale of apparels	**-**	70
Subsidiary of Thirty Three Trading Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	**100**	100
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	**100**	100

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	2016
Subsidiaries of PCCS Garments (Suzhou) Ltd.				
PCCS Garments Wuhan Ltd. *	The People's Republic of China	Property holding	**100**	100
Yuxing Apparel Suqian Limited. *	The People's Republic of China	Trading of apparels	**100**	-
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd. *	The People's Republic of China	Trading of brand apparels and provide design service	**100**	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.	Cambodia	Printing and sale of labels and stickers and manufacturing of elastic bands and related products	**100**	100
Subsidiary of Keza Sdn. Bhd.				
Keza (Cambodia) Limited	Cambodia	Temporarily ceased operations	**100**	100

* Audited by firms other than Ernst & Young

** These companies are not audited. For consolidation purposes, the companies are consolidated based on management financial statements which are reviewed by Ernst & Young.

(b) Incorporation of subsidiaries

On 13 June 2016, the subsidiary of the Company, PCCS Garments (Suzhou) Limited, incorporated a wholly-owned subsidiary company in China under the name of Yuxing Apparel Suqian Limited ("YASL"), with a registered capital of RMB12 million.

(c) Impairment loss on investment in subsidiaries

During the financial year, an impairment loss of RM17,162,000 (2016: RM1,068,000) was recognised in profits or loss based on the recoverable amounts using value-in-use ("VIU"). The key assumptions used in determining the value in use are disclosed in Note 7.2 (f).

Reversal of impairment loss on investment in a subsidiary, PCCS Garments (Suzhou) Ltd., of RM6,989,000 (2016: RM4,529,000) was made in current financial year as PCCS Garments (Suzhou) Ltd. is making profit.

20. INVESTMENT IN ASSOCIATE

	Group 2017 RM'000	Group 2016 RM'000
Unquoted shares, at cost:		
- Outside Malaysia	**21**	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Held through PCCS (Hong Kong) Limited				
Ample Apparels Limited **	Hong Kong	Trading of apparels	**40**	-

** This company is not audited. For consolidation purposes, the company is consolidated based on management financial statements which are reviewed by Ernst & Young.

The Group's interest in Ample Apparels Limited is accounted for using the equity method in the consolidated financial statements. The unaudited financial statements of Ample Apparels Limited for the year ended 31 March 2017 have been used in applying the equity method of accounting as allowed by Paragraph 34 of MFRS 128 Investments in Associates and Joint Ventures. The result of the associate is not material to the Group for the year ended 31 March 2017.

21. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
Cost		
Raw materials	**27,487**	17,277
Work-in-progress	**12,572**	13,908
Finished goods	**20,761**	31,923
	60,820	63,108
Net realisable value		
Raw materials	**359**	1,361
Finished goods	**440**	332
	61,619	64,801

The amount of inventories recognised as an expense in cost of sales of the Group is RM411,140,000 (2016: RM381,355,000).

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables				
Third parties	**118,166**	77,019	**-**	-
Less: Allowance for impairment	**(5)**	(48)	**-**	-
Trade receivables, net	**118,161**	76,971	**-**	-
Other receivables				
Due from subsidiaries	**-**	-	**22,074**	23,085
Refundable deposits	**1,335**	1,599	**6**	6
Sundry receivables	**2,758**	3,788	**-**	-
	4,093	5,387	**22,080**	23,091
Less: Allowance for impairment	**(810)**	(1,659)	**(19,134)**	(19,454)
	3,283	3,728	**2,946**	3,637
	121,444	80,699	**2,946**	3,637
Total trade and other receivables	**121,444**	80,699	**2,946**	3,637
Add: Cash and bank balances (Note 24)	**36,127**	38,034	**5,760**	5,761
Total loans and receivables	**157,571**	118,733	**8,706**	9,398

(a) Trade receivables

The Group's normal trade credit term ranges from 15 to 120 (2016: 15 to 120) days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables of the Group amounting to RM95,000 (2016: RM949,000) are pledged to bank as securities for borrowings as disclosed in Note 26.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	**84,112**	53,809
1 to 30 days past due not impaired	**29,823**	19,209
31 to 60 days past due not impaired	**3,126**	2,535
61 to 90 days past due not impaired	**783**	387
91 to 120 days past due not impaired	**144**	429
More than 121 days past due not impaired	**173**	602
	34,049	23,162
Impaired	**5**	48
	118,166	77,019

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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

The Group has trade receivables amounting to RM34,049,000 (2016: RM23,162,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Trade receivable - nominal amounts	**5**	48
Less: Allowance for impairment	**(5)**	(48)
	-	-

Movement in allowance accounts:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 April	**48**	86
Charge for the year (Note 11)	**5**	19
Written off	**(54)**	(61)
Exchange difference	**6**	4
At 31 March	**5**	48

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Related party balances

Amounts due from subsidiaries are non-interest bearing, unsecured and repayable on demand.

(c) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 April	**1,659**	1,632	**19,454**	17,276
Charge for the year (Note 11)	**16**	-	**-**	2,178
Written off	**(935)**	-	**(320)**	-
Exchange difference	**70**	27	**-**	-
At 31 March	**810**	1,659	**19,134**	19,454

23. OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	**3,506**	4,910	**28**	27
Value added tax recoverable	**3,267**	4,855	**-**	-
	6,773	9,765	**28**	27

24. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	**33,348**	35,389	**3,487**	3,562
Deposits with banks	**2,779**	2,645	**2,273**	2,199
Cash and bank balances	**36,127**	38,034	**5,760**	5,761
Bank overdrafts (Note 26)	**(1,286)**	(741)	**-**	-
Less: Deposit pledged with bank	**-**	(441)	**-**	-
Cash and cash equivalents	**34,841**	36,852	**5,760**	5,761

Deposits with banks of the Group amounting to RM Nil (2016: RM441,000) are pledged to bank for credit facility granted to the Group as disclosed in Note 26.

24. CASH AND BANK BALANCES (CONT'D)

Deposit with a licensed bank amounting to RM5,000 (2016: RM5,000) is held in trust by a director.

Bank balances of the Group amounting to RM9,000 (2016: RM9,000) are held in trust by managerial staff of the Group.

The weighted average effective interest rates and average maturities of deposits at the reporting date were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Weighted average effective interest rates (%)	**3.12**	2.82	**3.20**	3.30
Average maturities (days)	**31**	57	**31**	31

25. DISCONTINUED OPERATIONS

On 14 December 2016, the Company disposed of its subsidiaries, Shern Yee Garments Sdn. Bhd. ("SY") and Global Apparels Limited ("GAL") for a consideration of RM1. The assets and liabilities of SY and GAL have been de-consolidated and the results from these subsidiaries are presented separately on the statements of comprehensive income as discontinued operations.

The results of the disposal companies are disclosed under discontinued operations in the current financial year and the comparative results have been restated accordingly.

Statements of comprehensive income disclosures

The results of the disposal companies for the years ended 31 March are as follows:

	Note	Group	
		2017	**2016**
		RM'000	**RM'000**
Revenue	25(a)	**27,776**	101,185
Cost of sales		**(28,014)**	(90,981)
Gross (loss)/profit		**(238)**	10,204
Other income	25(b)	**219**	(50)
Administrative expenses		**(6,776)**	(10,262)
Selling and distribution expenses		**(1,470)**	(6,530)
Loss from operations		**(8,265)**	(6,638)
Finance costs	25(c)	**(333)**	(339)
Loss before tax from discontinued operations	25(d)	**(8,598)**	(6,977)
Income tax expenses	25(g)	**(1,751)**	-
Loss from discontinued operations, net of tax		**(10,349)**	(6,977)

25. DISCONTINUED OPERATIONS (CONT'D)

(a) Revenue

	Group	
	2017	2016
	RM'000	RM'000
Sales of goods	27,776	101,185

(b) Other income

	Group	
	2017	2016
	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	12
Sales of stock lots	7	89
Sundry income	212	31
Realised foreign exchange gain	-	(135)
Unrealised foreign exchange gain	-	(47)
	219	(50)

(c) Finance costs

	Group	
	2017	2016
	RM'000	RM'000
Interest expense on:		
- bank loans and bank overdrafts	333	339

25. DISCONTINUED OPERATIONS (CONT'D)

(d) Loss before tax from discontinued operations

The following items have been included in arriving at loss before tax:

	Group 2017 RM'000	Group 2016 RM'000
Auditors' remuneration		
- Statutory audit		
Company's auditors	**22**	20
Other auditors	**-**	1
- Other services		
Company's auditors	**-**	9
Employee benefits expense (Note 25(e))	**8,595**	38,912
Depreciation of property, plant and equipment (Note 16)	**355**	936
Impairment loss/(reversal) on:		
- Trade and other receivables	**-**	1,121
Loss on foreign exchange		
- Unrealised	**117**	-
Minimum operating lease payments:		
- Land and buildings	**681**	1,145
Property, plant and equipment written off	**2,277**	-

(e) Employee benefits expense

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group 2017 RM'000	Group 2016 RM'000
Executive directors (Note 25(f))		
Executive directors of the Company	**375**	617

	Group 2017 RM'000	Group 2016 RM'000
Other staff		
Wages and salaries	**7,931**	37,344
Defined contribution plans	**-**	104
Other related costs	**289**	847
	8,220	38,295
	8,595	38,912

25. DISCONTINUED OPERATIONS (CONT'D)

(f) Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Directors of the Company		
Executive (Note 25(e)):		
- Salaries and other emoluments	**375**	617

(g) Income tax expenses

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Loss before tax	**(8,598)**	(6,977)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	**(2,064)**	(1,674)
Different tax rates in other countries	**(262)**	279
Adjustments:		
Effect of expenses not deductible for tax purposes	**575**	1,395
Income tax expense recognised in profit or loss	**(1,751)**	-

Statements of cash flows disclosures

The cash flows attributable to the disposal companies are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Operating activities	**(1,467)**	(9,043)
Investing activities	**2,424**	(462)
Financing activities	**(2,936)**	9,185
Net cash outflows from discontinued operations	**(1,979)**	(320)

25. DISCONTINUED OPERATIONS (CONT'D)

Effects of disposal on financial position

	Group 2017 RM'000	Company 2017 RM'000
Investment in subsidiaries	-	457
Trade and other receivables	5,380	-
Cash and bank balances	99	-
Trade and other payables	(2,435)	-
Current tax payable	(3,044)	-
Net assets disposed	-	457
Total disposal proceeds	- *	- *
Loss on disposal	-	457
Disposal proceeds settled by:		
Cash	- *	- *
Cash inflow arising on disposals:		
Cash consideration	- *	- *
Cash and cash equivalents of subsidiaries disposed	(99)	-
Net cash outflows on disposal	(99)	-

* The Group disposed the subsidiaries for a total consideration of RM1.00.

26. LOANS AND BORROWINGS

		Group	
		2017	**2016**
	Maturity	**RM'000**	**RM'000**
Current			
Unsecured:			
Bank overdrafts (Note 24)	On demand	**1,286**	741
Revolving credit at 6.08% (2016: 6.23%) p.a.	2018	**23,975**	25,358
Bankers' acceptances at 4.16% (2016: 4.85%) p.a.	2018	**3,006**	2,841
Trade loan at 3.21% (2016: 2.33%) p.a.	2018	**10,289**	6,597
Trust receipts at 5.23% (2016: 5.17%) p.a.	2018	**35,648**	26,167
Export bill financing at Nil % (2016: 2.26%) p.a.	2018	**-**	4,808
Bank loans:			
- 2.59% p.a. fixed rate RM loan	2018	**-**	150
- RM loan at COF + 2.0% p.a.	2018	**-**	83
- RM loan at fixed profit rate of 5% p.a.	2018	**276**	262
- USD loan at COF + 2.0% p.a.	2018	**-**	1,294
		74,480	68,301
Secured:			
Bank loan - HKD loan at COF + 3% p.a.	2018	**-**	862
Obligations under finance lease (Note 33 (b))	2018	**1,131**	479
Trade loan at 3.21% (2015: 2.33%) p.a.	2018	**21,556**	20,309
		22,687	21,650
		97,167	89,951
Non-current			
Unsecured:			
Bank loans:			
- RM loan at fixed profit rate of 5% p.a.	2019 - 2020	**514**	792
		514	792
Secured:			
Bank loan - HKD loan at COF + 3% p.a.	2018	**-**	431
Obligations under finance lease (Note 33 (b))	2018 - 2021	**2,736**	803
		3,250	2,026
Total loans and borrowings		**100,417**	91,977

The remaining maturities of the loans and borrowings at reporting date are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
On demand or within one year	**97,167**	89,951
More than 1 year and less than 2 years	**1,316**	1,138
More than 2 years and less than 5 years	**1,934**	888
	100,417	91,977

26. LOANS AND BORROWINGS (CONT'D)

Obligations under finance leases

Those obligations are secured by a charge over the leased assets (Note 16). These obligations bore interest at the reporting date of between 2.58% to 3.45% (2016: 2.58% to 3.17%) per annum.

Bank overdrafts

Bank overdrafts denominated in RM, bear interest at BLR + 1.00% p.a. to BLR + 1.5% p.a. (2016: range from BLR + 1.00% p.a. to BLR + 1.5% p.a.).

Bank overdrafts denominated in HKD, bear interest at Nil (2016: Bank's best lending rate + 1.75% p.a.).

Bank overdrafts denominated in USD, bear interest at COF + 1.75% p.a. (2016: COF + 1.75% p.a.).

The unsecured loans and borrowings of the Group are guaranteed by the Company and with negative pledges over certain assets of the Group as disclosed in Note 16, Note 17 and Note 18.

The secured loans and borrowings are secured by certain assets of the Group as disclosed in Note 16, Note 17, Note 18, Note 22 and Note 24.

* BLR : Base lending rate is 6.85% p.a. (2016: 6.85% p.a.)
COF : Cost of fund ranged Nil (2016: 0.33% p.a. to 6.15% p.a.)

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	**67,922**	45,842	**-**	-
Other payables				
Due to subsidiaries	**-**	-	**8,445**	4,617
Sundry payables and accruals	**40,325**	38,224	**8,458**	4,072
	40,325	38,224	**16,903**	8,689
Total trade and other payables	**108,247**	84,066	**16,903**	8,689
Add: Loans and borrowings (Note 26)	**100,417**	91,977	**-**	-
Total financial liabilities carried at amortised cost	**208,664**	176,043	**16,903**	8,689

27. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2016: 30 to 90) days.

(b) Other payables

Other payables are non-interest bearing and the normal trade terms granted to the Group and the Company ranges from 30 to 90 (2016: 30 to 90) days.

(c) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and are repayable on demand.

28. DEFERRED TAXATION

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 April	**(89)**	(412)
Recognised in profit or loss (Note 14)	**638**	323
At 31 March	**549**	(89)

Presented after appropriate offsetting as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Deferred tax assets	**(2,512)**	(2,002)
Deferred tax liabilities	**3,061**	1,913
	549	(89)

28. DEFERRED TAXATION (CONT'D)

The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

	Unutilised reinvestment allowances, allowance for increased exports, tax losses and unabsorbed capital allowances RM'000	Others RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2015	(2,986)	153	2,421	(412)
Recognised in profit or loss	1,192	(361)	(508)	323
At 31 March 2016	(1,794)	(208)	1,913	(89)
Recognised in profit or loss	8	(518)	1,148	638
At 31 March 2017	**(1,786)**	**(726)**	**3,061**	**549**

Deferred tax assets have not been recognised in respect of the following items:

	Group 2017 RM'000	Group 2016 RM'000
Unutilised tax losses	**7,991**	12,483
Unutilised reinvestment allowances	**1,525**	1,525
Unabsorbed capital allowances	**2,105**	2,711
Unutilised allowance for increased exports	**7,971**	7,971

29. SHARE CAPITAL

	Number of ordinary shares 2017 '000	Number of ordinary shares 2016 '000	Amount 2017 RM'000	Amount 2016 RM'000
Authorised:				
1 April 2015/2016; 31 March 2016/2017	**100,000**	100,000	**100,000**	100,000
Issued and fully paid:				
1 April 2015/2016; 31 March 2016/2017	**60,012**	60,012	**60,012**	60,012

29. SHARE CAPITAL (CONT'D)

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

30. OTHER RESERVES

(a) Share premium

This reserve comprise the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Legal reserve fund

This represents a general reserve provided for in respect of subsidiaries incorporated in Cambodia.

Under the Company Statute of subsidiaries in Cambodia, 5% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 10% of the paid up capital.

31. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

Subsidiaries:

- Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB")
- Mega Label (Malaysia) Sdn. Bhd. ("Megam")
- Beauty Silk Screen Limited. ("BSSL")
- JIT Textiles Limited ("JTL")
- PCCS (Hong Kong) Limited ("PHKL")

32. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (Cont'd)

	Company	
	2017	2016
	RM'000	RM'000
Transactions with subsidiaries:		
Management fees received from:		
- PCCSSB	**600**	600
- Megam	**750**	600
- BSSL	**160**	100
- JTL	**160**	200
- PHKL	**120**	-

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors is disclosed in Note 13.

33. COMMITMENTS

(a) Operating lease commitments - as lessee

The Group has entered into a non-cancellable operating lease agreement for the use of land and buildings. The lease is for a period of 2 to 5 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Future minimum rentals payables:		
Not later than 1 year	**3,757**	3,541
Later than 1 year and not later than 2 years	**3,226**	1,277
Later than 2 years and not later than 5 years	**7,309**	710
Later than 5 years	**8,158**	-
	22,450	5,528

33. COMMITMENTS (CONT'D)

(b) Finance lease commitments

	Group 2017 RM'000	Group 2016 RM'000
Minimum lease payments:		
Not later than 1 year	**1,288**	536
Later than 1 year and not later than 2 years	**1,144**	482
Later than 2 years and not later than 5 years	**2,001**	419
	4,433	1,437
Less: Amounts representing finance charges	**(566)**	(155)
Present value of minimum lease payments	**3,867**	1,282
Present value of payments:		
Not later than 1 year	**1,131**	479
Later than 1 year and not later than 2 years	**1,001**	431
Later than 2 years and not later than 5 years	**1,735**	372
	3,867	1,282
Analysed as:		
Due within 12 months (Note 26)	**1,131**	479
Due after 12 months (Note 26)	**2,736**	803
	3,867	1,282

34. OFFSETTING OF FINANCIAL INSTRUMENTS

The following table presents the recognised financial instruments that are subject to enforceable master netting arrangements and similar agreements but not offset and the impact on the Group's statement of financial position if all set-off rights were exercised.

	Amounts not offset		
	Gross assets RM'000	Financial instruments RM'000	Net RM'000
Group			
Financial assets			
As at 31 March 2017			
Restricted cash	-	-	-
Trade receivables	**118,161**	**(95)**	**118,066**
	118,161	**(95)**	**118,066**
As at 31 March 2016			
Restricted cash	441	(441)	-
Trade receivables	76,971	(949)	76,022
	77,412	(1,390)	76,022

34. OFFSETTING OF FINANCIAL INSTRUMENTS (CONT'D)

		Amounts not offset		
	Gross liabilities RM'000	Financial instruments RM'000	Cash collateral pledged RM'000	Net RM'000
Financial liabilities				
As at 31 March 2017				
Loans and borrowings	**100,417**	**(95)**	**-**	**100,322**
As at 31 March 2016				
Loans and borrowings	91,977	(949)	(441)	90,587

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Trade and other payables (current)	27
Loans and borrowings (current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

Group	Total RM'000	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
As at 31 March 2017				
Assets for which fair values are disclosed:				
Investment properties (Note 17)	**16,175**	**-**	**-**	**16,175**
As at 31 March 2016				
Assets for which fair values are disclosed:				
Investment properties (Note 17)	13,982	-	-	13,982

For investment properties under Level 3, the Company used the fair value which has been determined based on valuation performed during the year. The valuation techniques is based on open market value basis.

During the reporting period ended 31 March 2017 and 2016, there were no transfers between the various fair value measurements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to market risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, 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, with positive fair values.

- A nominal amount of RM95,792,000 (2016: RM94,729,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure three (2016: two) trade receivables who accounted for 73% (2016: 72%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with these customers and the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

At the reporting date, the Company has significant concentration of credit risk that may arise from exposures to amounts due from its subsidiaries which account for 100% (2016: 100%) of the gross receivables of the Company. The directors believe that this does not create significant impact for the Company in view of the fact that the directors have direct participation and influential power in the management of these counterparties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) 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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2017 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	**108,247**	**-**	**108,247**
Loans and borrowings	**97,324**	**3,659**	**100,983**
Total undiscounted financial liabilities	**205,571**	**3,659**	**209,230**
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	**16,903**	**-**	**16,903**
Total undiscounted financial liabilities	**16,903**	**-**	**16,903**

	2016 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	84,066	-	84,066
Loans and borrowings	90,041	2,202	92,243
Total undiscounted financial liabilities	174,107	2,202	176,309

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	2016 RM'000		
	On demand or within one year	One to five years	Total
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	8,689	-	8,689
Total undiscounted financial liabilities	8,689	-	8,689

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as default has not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

(d) Interest rate risk

Interest rate 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 interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

<u>Sensitivity analysis for interest rate risk</u>

Based on the utilisation of floating rate loans and borrowings throughout the reporting period, if interest rates had been 10 basis point lower/higher, will all other variables held constant, the Group's loss before tax would have been RM100,000 (2016: RM109,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group. The currencies giving rise to this risk are primarily Ringgit Malaysia and United States Dollars ("USD"). Such transactions are kept to an acceptable level.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Foreign currency risk (Cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
	Ringgit Malaysia RM'000	United States Dollars RM'000	Total RM'000
Functional currency of the Group			
Group			
At 31 March 2017			
Ringgit Malaysia	**-**	**2,711**	**2,711**
Chinese Renminbi	**-**	**9,317**	**9,317**
United States Dollars	**41**	**-**	**41**
Hong Kong Dollars	**-**	**(10,490)**	**(10,490)**
	41	**1,538**	**1,579**
At 31 March 2016			
Ringgit Malaysia	-	10,725	10,725
Chinese Renminbi	-	5,780	5,780
United States Dollars	(90)	-	(90)
Hong Kong Dollars	-	(20,802)	(20,802)
	(90)	(4,297)	(4,387)

	United States Dollars RM'000	Chinese Renminbi RM'000	Total RM'000
Functional currency of Company			
Company			
At 31 March 2017			
Ringgit Malaysia	**4,669**	**6,786**	**11,456**
At 31 March 2016			
Ringgit Malaysia	2,079	1,137	3,216

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table illustrates the hypothetical sensitivity of the Group's loss before tax to a reasonably possible change in the USD and RMB exchange rate at the reporting date against the functional currency of the Group entities, with all other variables held constant.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
	Profit before tax		Profit before tax	
USD/RM				
- strengthened 5% (2016: 5%)	**131**	620	**143**	138
- weakened 5% (2016: 5%)	**(131)**	(620)	**(143)**	(138)
USD/RMB				
- strengthened 5% (2016: 5%)	**460**	289	**-**	-
- weakened 5% (2016: 5%)	**(460)**	(289)	**-**	-
USD/HKD				
- strengthened 5% (2016: 5%)	**(537)**	(1,040)	**-**	-
- weakened 5% (2016: 5%)	**537**	1,040	**-**	-
RM/USD				
- strengthened 5% (2016: 5%)	**(2)**	(5)	**-**	-
- weakened 5% (2016: 5%)	**2**	5	**-**	-
RMB/RM				
- strengthened 5% (2016: 5%)	**-**	1	**-**	1
- weakened 5% (2016: 5%)	**-**	(1)	**-**	(1)
SGD/RM				
- strengthened 5% (2016: 5%)	**6**	7	**-**	-
- weakened 5% (2016: 5%)	**(6)**	(7)	**-**	-

37. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

37. CAPITAL MANAGEMENT (CONT'D)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Loans and borrowings	26	**100,417**	91,977	**-**	-
Trade and other payables	27	**108,247**	84,066	**16,903**	8,689
Less: - Cash and bank balances	24	**(36,127)**	(38,034)	**(5,760)**	(5,761)
Net debt		**172,537**	138,009	**11,143**	2,928
Equity attributable to owners of the Company		**86,513**	96,913	**41,135**	60,654
Capital and net debt		**259,050**	234,922	**52,278**	63,582
Gearing ratio		**67%**	59%	**21%**	5%

38. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Apparel - manufacturing and marketing of apparels.

(ii) Labelling - printing of labels and stickers.

(iii) Others - investment holding and provision for management services, manufacturing of seamless bonding embroidering of logos and emblems, printing and marketing of silk screen printing products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal ordinary course of business and have been established on negotiated and mutually agreed basis.

38. SEGMENTAL INFORMATION (CONT'D)

	Continuing Operations Apparel RM'000	Continuing Operations Labelling RM'000	Others RM'000	Discontinued Operation Apparel RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2017							
Revenue:							
External sales	418,029	48,688	17,636	-	-		484,353
Inter-segment sales	155,237	4,615	12,973	27,776	(200,601)	A	-
Total revenue	573,266	53,303	30,609	27,776	(200,601)		484,353
Results:							
Interest income	1,361	204	79	-	(1,451)		193
Finance cost	6,078	568	1	333	(1,567)		5,413
Depreciation and amortisation:							
- Property, plant and equipment	4,761	3,271	947	355	(178)		9,156
- Investment properties	248	-	3	-	2		253
- Land use rights	22	-	49	-	-		71
Segment profit/(loss)	4,966	3,687	(35,832)	(8,265)	45,391	B	9,947
Assets:							
Additions to non-current assets	2,340	7,382	3,517	250	(6,172)	C	7,317
Segment assets	260,422	87,515	98,120	5,479	(142,674)	D	308,862
Segment liabilities	256,684	49,569	44,392	5,479	(135,774)	E	220,350

38. SEGMENTAL INFORMATION (CONT'D)

	Continuing Operations Apparel RM'000	Continuing Operations Labelling RM'000	Others RM'000	Discontinued Operation Apparel RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
31 March 2016							
Revenue:							
External sales	473,457	42,503	11,325	5,586	(5,586)		527,285
Inter-segment sales	117,128	7,155	17,966	95,599	(333,447)	A	(95,599)
Total revenue	590,585	49,658	29,291	101,185	(339,033)		431,686
Results:							
Interest income	1,176	-	86	-	(1,158)		104
Finance cost	5,051	475	20	339	(339)		5,546
Depreciation and amortisation:							
- Property, plant and equipment	5,809	2,912	1,118	936	(105)		10,670
- Investment properties	256	30	3	-	(28)		261
- Land use rights	22	47	-	-	-		69
Segment (loss)/profit	(6,127)	6,701	(1,299)	(6,638)	7,384	B	21
Assets:							
Additions to non-current assets	2,156	7,243	1,730	637	(3,256)	C	8,510
Segment assets	246,791	76,342	138,299	19,462	(202,307)	D	278,587
Segment liabilities	225,104	40,367	47,153	23,893	(155,074)	E	181,443

38. SEGMENTAL INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit/(loss) to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income.

	2017 RM'000	2016 RM'000
Impairment loss on investment in subsidiaries	**18,317**	1,573
Impairment loss on trade and other receivables	**30,125**	5,434
Reversal of allowance for impairment of investment in subsidiaries	**(6,989)**	(6,441)
Reversal of impairment loss on trade and other receivables	**(3,178)**	-
Segment results of discontinued operation	**8,265**	-
Profit from inter-segment sales	**(1,149)**	6,818
	45,391	7,384

C Inter-segment addition to non-current assets are deducted from addition to non-current assets.

Additions to non-current assets consist of:

	2017 RM'000	2016 RM'000
Property, plant and equipment	**7,317**	8,510

D Inter-segment assets are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

E Inter-segment liabilities are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		*Non-current assets*	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	**111,978**	85,766	**33,982**	32,612
Cambodia	**70,535**	75,538	**24,050**	27,416
The People's Republic of China	**240,871**	184,137	**24,737**	25,125
Hong Kong	**60,969**	86,245	**130**	135
	484,353	431,686	**82,899**	85,288

38. SEGMENTAL INFORMATION (CONT'D)

Geographical information (Cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
Property, plant and equipment	**68,756**	71,525
Investment properties	**10,981**	10,754
Land use rights	**3,141**	2,920
Investment in associates	**21**	-
Deferred tax assets	**-**	89
	82,899	85,288

Information about a major customer

Revenue from one major customer amounted to RM146,210,000 (2016: RM183,586,000), arising from sales by the apparel segment.

39. SUBSEQUENT EVENTS

On 5 May 2017, the Company proposed renounceable rights issue of up to 150,030,005 new ordinary shares in PCCS ("PCCS Shares") ("Rights Shares") on the basis of 5 Rights Shares for every 2 existing PCCS Shares held, together with up to 90,018,003 free detachables warrants ("Warrants") on the basis of 3 Warrants for every 5 Rights Shares subscribed at an entitlement date to be determined later.

On 21 June 2017, PCCS (Hong Kong) Limited ("PHKL"), a wholly owned subsidiary of the Company, acquired additional 20% equity interest in Ample Apparels Limited ("AAL") for a total cash consideration of HKD20,000 and as a result from the aforesaid acquisition, AAL becomes a 60% subsidiary of the PHKL. The principal activity of AAL is trading of apparels.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 26 July 2017.

41. SUPPLEMENTARY INFORMATION - BREAKDOWN OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2017 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the PCCS Group Berhad and its subsidiaries:				
- Realised	**(39,242)**	5,032	**(18,184)**	(50)
- Unrealised	**(5,031)**	(460)	**(697)**	688
	(44,273)	4,572	**(18,881)**	638
Less: Consolidated adjustment	**64,014**	24,405	**-**	-
Total Group's retained earnings as per consolidated accounts	**19,741**	28,977	**(18,881)**	638

Group Properties

As at 31 March 2017

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
	Perusahaan Chan Choo Sing Sdn Bhd						
1	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor, Malaysia.	4 Storey Building Complex	Freehold	6,056 (13,946)	24	710	04/04/1994*
2	Plo 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor, Malaysia.	3 Blocks Office and Factory Buildings	Leasehold expiring 10/09/2051	114,127 (82,720)	21	4,056	21/04/1995
3	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	Office and Factory Building	Freehold	185,130# (88,000)	19	7,880	12/12/1997
4	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.	2 Blocks of Hostel Building	Freehold	74,104 (148,844)	14	3,507	31/03/2004
	# Including 74,104 sq ft for Hostel - Item 4						
	Keza Sdn Bhd						
5	No. 11A, Jalan 3, Taman Perindustrian Sinaran, 86000 Kluang, Johor, Malaysia.	Factory Building	Freehold	2,002 (2,000)	18	113	04/09/2007
	Mega Label (Malaysia) Sdn Bhd						
6	No. 4, Jalan Palam 34/18A, Seksyen 34, 40470 Shah Alam, Selangor Darul Ehsan.	2 Storey Office cum 1 Storey Factory	Freehold	22,593 (14,936)	6	4,107	28/12/2010

Group Properties

As at 31 March 2017

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM'000	Date of Acquisition/ Revaluation*
	PCCS Garments (Suzhou) Ltd						
7	North Side of Road 318, Jin Xing Village, Zhen Ze Town Development Zone, 215231 Zhen Ze ,Wu Jiang City, Jiang Su Province, China.	Office and Factory Building	Leasehold expiring 3/11/2052	162,497 (128,325)	15	8,583	28/08/2008
		1 Block of Dormitory	Leasehold expiring 27/7/2058	23,509 (28,710)	9	1,816	21/08/2008
8	Room 203,205 & 206, 2nd Floor, Shanghai Western Business District C-2, No.31, Lot 1555, Jing Sha Jiang Xi Road, Jia Ding Area, Shanghai, China 201803	3 units Office Lot cum 3 units car park	Leasehold expiring 13/9/2056	10,570 (9,462)	4	7,783	30/04/2013
	PCCS Garments Wuhan Ltd						
9	Room 3, 28th Floor, 1st Block, Time Square, Yan Jiang Road No. 159, Jiang An Area, Wuhan City, Hubei Province, China.	1 unit Office Lot	Leasehold expiring 1/3/2053	1,939 (1,939)	13	2,375	09/09/2010
	Mega Labels & Stickers (Cambodia) Co., Ltd.						
10	P2-067, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	2 Blocks of 2 Storey Office and Factory Building	Leasehold expiring 22/7/2062	61,785 (42,614)	5	5,702	23/07/2012
11	P2-068, Phnom Penh Special Economic Zone, Sangkat Kantouk, Sangkat Phleung Chhe Rotes, and Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia.	Factory Building	Leasehold expiring 12/9/2062	56,145 (25,663)	2	2,790	12/09/2012

Analysis of Shareholdings

As at 30 June 2017

Total Issued Share Capital	:	RM60,012,002.00
Class of Shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	258	11.23	12,637	0.02
100 – 1,000	187	8.14	147,384	0.25
1,001 – 10,000	1,523	66.28	5,521,110	9.20
10,001 – 100,000	294	12.79	8,729,389	14.55
100,001 – 3,000,599 (*)	34	1.48	17,877,865	29.79
3,000,600 and above (**)	2	0.09	27,723,617	46.20
TOTAL	**2,298**	**100.00**	**60,012,002**	**100.00**

REMARK: * Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Register of Substantial Shareholders of the Company are as follows:

	Direct Interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Chan Choo Sing	2,643,220	4.40	28,495,382 (1)	47.48
Chan Chow Tek	2,272,750	3.79	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	542,350	0.90	24,040,078 (4)	40.06
Tan Kwee Kee	3,833,539	6.39	27,305,063 (5)	45.50
Setia Sempurna Sdn. Bhd.	24,000,078	39.99	-	-

Notes:

(1) Deemed interested by virtue of his direct interest of 34.4% in the equity of Setia Sempurna Sdn. Bhd., by virtue of his spouse, Madam Tan Kwee Kee's shareholding in PCCS and by virtue of his sons, Mr. Chan Wee Kiang's and Mr. Chan Wee Boon's shareholdings in PCCS.
(2) Deemed interested by virtue of his direct interest of 24.4% in the equity of Setia Sempurna Sdn. Bhd.
(3) Deemed interested by virtue of his direct interest of 18.4% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Datin Mok Gwa Nang's shareholding in PCCS.
(4) Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Madam Chia Lee Kean's shareholding in PCCS.
(5) Deemed interested by virtue of her spouse, Mr. Chan Choo Sing's shareholding in PCCS and Setia Sempurna Sdn. Bhd. and by virtue of her sons, Mr. Chan Wee Kiang's and Mr. Chan Wee Boon's shareholdings in PCCS.

Analysis of Shareholdings

As at 30 June 2017

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of PCCS based on the Register of Directors' Shareholdings of the Company are as follows:

	Direct Interest		Indirect Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Chan Choo Sing	2,643,220	4.40	28,495,382 (1)	47.48
Chan Chow Tek	2,272,750	3.79	24,000,078 (2)	39.99
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411 (3)	39.99
Chan Chor Ang	542,350	0.90	24,040,078 (4)	40.06
Julian Lim Wee Liang	-	-	-	-
Piong Yew Peng	-	-	-	-

Notes:

(1) Deemed interested by virtue of his direct interest of 34.4% in the equity of Setia Sempurna Sdn. Bhd., by virtue of his spouse, Madam Tan Kwee Kee's shareholding in PCCS and by virtue of his sons, Mr. Chan Wee Kiang's and Mr. Chan Wee Boon's shareholdings in PCCS.
(2) Deemed interested by virtue of his direct interest of 24.4% in the equity of Setia Sempurna Sdn. Bhd.
(3) Deemed interested by virtue of his direct interest of 18.4% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Datin Mok Gwa Nang's shareholding in PCCS.
(4) Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn. Bhd. and by virtue of his spouse, Madam Chia Lee Kean's shareholding in PCCS.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	%
1.	Setia Sempurna Sdn. Bhd.	24,000,078	39.99
2.	Tan Kwee Kee	3,723,539	6.20
3.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Chee Ming	2,681,000	4.47
4.	Chan Choo Sing	2,643,220	4.40
5.	Chan Chow Tek	2,272,750	3.79
6.	Pam Yoon Eng	1,329,833	2.22
7.	Siow Kok Chian	1,005,000	1.67
8.	Looi Boon Han	820,000	1.37
9.	Lim Poh Teot	642,466	1.07
10.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Radzuan bin Ab Halim	544,866	0.91
11.	Chan Chor Ang	542,350	0.90
12.	Ching Gek Lee	500,000	0.83
13.	Chan Wee Kiang	480,765	0.80
14.	Stanley Tan Jik Shuen	378,000	0.63
15.	Chan Chor Ngiak	319,550	0.53

Analysis of Shareholdings

As at 30 June 2017

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Shareholders	Number of Shares	%
16.	Lee Chee Ming	318,000	0.53
17.	Low Hing Noi	305,000	0.51
18.	Gek Lee Enterprise Sdn. Bhd.	250,000	0.42
19.	Tang Boon Heng	245,600	0.41
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Ley Chee	219,700	0.37
21.	Go Hout Hing	216,066	0.36
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Chew Keat	211,400	0.35
23.	Yung Lay Kiang	196,666	0.33
24.	Lee Nyet Har	190,900	0.32
25.	Ho, Wei-Hua	167,200	0.28
26.	Yeo Eck Liong	166,100	0.28
27.	Huang Phang Lye	160,300	0.27
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oon Eng Kiat	152,200	0.25
29.	Chan Wee Boon	131,000	0.22
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Chew Keat	121,300	0.20
		44,934,849	**74.88**

Form of Proxy

(Before completing this form, please see the notes below)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

PCCS Group Berhad
(Co. No. 280929-K)
(Incorporated in Malaysia)

*I/We, ____________________ Company No./NRIC No. ____________________
(Full Name as per NRIC/Certificate of Incorporation in Capital Letters)

of ____
(Full Address)

being a *Member/Members of PCCS GROUP BERHAD, do hereby appoint ____________________

____________________ NRIC No. ____________________
(Full Name as per NRIC in Capital Letters)

of ____
(Full Address)

or failing *him/her, ____________________ NRIC No. ____________________
(Full Name as per NRIC in Capital Letters)

of ____
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Third ("**23rd**") Annual General Meeting of the Company to be held at PCCS Group Berhad's Corporate Office, Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim on Friday, 25 August 2017 at 10:30 a.m. or at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolutions		For	Against
1.	To re-elect Dato' Chan Chor Ngiak as Director *(Article 94).*	(Resolution 1)		
2.	To re-elect Mr. Chan Chor Ang as Director *(Article 94).*	(Resolution 2)		
3.	To re-appoint Messrs. Ernst & Young as Auditors of the Company.	(Resolution 3)		
	As Special Business			
4.	Ordinary Resolution No. 1 - Payment of Directors' Fees	(Resolution 4)		
5.	Ordinary Resolution No. 2 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016.	(Resolution 5)		

* Strike out whichever not applicable

Signed this ____________ day of ____________ 2017

____
Signature of Member/Common Seal

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 August 2017. Only a depositor whose name appears on the Record of Depositors as at 18 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member of the Company entitled to attend and vote at a meeting of a company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting. Where a holder appoints two (2) proxies, he shall specify 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 shares in the Company for multiple beneficial owners in one (1) 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof.
7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Fold here

AFFIX
STAMP

Securities Services (Holdings) Sdn. Bhd. (36869-T)

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

Fold here

www.pccsgroup.net

PCCS GROUP BERHAD 280929-K

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