

海外天



A N N U A L R E P O R T


OVERSEA ENTERPRISE BERHAD (317155-U)

ANNUAL REPORT 2016




海外天集团有限公司  
OVERSEA ENTERPRISE BERHAD  
(Company No. 317155-U)

D-3-1 & D-3A-1, Seri Gembira Avenue  
Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur.  
Tel: 03-7972 9683 Fax: 03-7972 9662 Email: info@oversea.com.my

 [www.oversea.com.my](http://www.oversea.com.my)

 [www.facebook.com/oversea.com.my](http://www.facebook.com/oversea.com.my)

 [www.tenshou.com.my](http://www.tenshou.com.my)

OVERSEA ENTERPRISE BERHAD  
(Company No. 317155-U)

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## CORPORATE PROFILE

**OVERSEA ENTERPRISE BERHAD** is incorporated and domiciled in Malaysia, and it has been listed on the ACE Market of Bursa Malaysia Securities Berhad since 1 April 2010.

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The Group started out in 1970's as a partnership business between Mr. Yu Soo Chye @ Yee Soo Chye and an independent third party. Together they founded the first "Restoran Oversea" in Jalan Imbi, Kuala Lumpur. To date the Group's operation of food service outlets entails a chain of Chinese restaurants with a total of six Chinese restaurants, four outlets in Klang Valley and two outlets in Ipoh offering home cooked Cantonese themed cuisines. In addition to the chain of Chinese restaurants, the Group has ventured into the operation of Dim Sum and Café. The Dim Sum outlet located at Sri Petaling was opened in 2005, with the intention to target Dim Sum connoisseur. The first Café offering Hong Kong styled food was opened in 2004 in Pandan Indah, Kuala Lumpur under the brand name of "Tsim Tung". In February 2012, a new café concept offering Ipoh homeland authentic cuisines was opened at Wan Chai, Hong Kong. Subsequent in January 2015, a new bakery and café outlet under the brand name of "Alter Ego 1892" was opened in Taipei City, Taiwan.

Throughout the years, we have received many awards and recognitions, which include, amongst others, "Asia's Finest Restaurants", "Greatest Table in Kuala Lumpur" and "Winner of World Gold Kitchen Cooking Grand Competition". Other international recognition includes accolades such as "International Restaurant of Chinese Cuisine" awarded by "The World Chinese Cuisine Association".

Our business model besides the operation of food service outlets, also includes the expansion into the manufacturing of confectioneries particularly moon cake since 1986. In 1995, a moon cake manufacturing facility in Sungai Buloh with built-up area of approximately 20,000 square feet was built. Subsequently in 2002, we moved to a new manufacturing facility in Shah Alam, Selangor with a total built-up area of 58,330 square feet. As part of the Group's strategy to expand its portfolio of in-house manufactured products, we also ventured into the production of egg rolls in 1999. Our manufacturing concern has exported to various countries including the United States, Australia, New Zealand, Indonesia, Hong Kong, Canada, Macau, Papua New Guinea and the Netherlands.

## CORPORATE DIARY



# 2015

1 Apr

Announcement in relation to the acquisition of the entire share capital of Rich Tastes (Centrepoint) Sdn. Bhd., a 65% equity subsidiary of Restoran Oversea JV (International) Sdn. Bhd.

17 Apr

Announcement in relation to the proposed special Bumiputera issue of 35,000,000 new ordinary shares of RM0.20 each in Oversea to Bumiputera investors to be identified and/or approved by The Ministry Of International Trade and Industry.

21 May

Announcement in relation of the unaudited consolidated results for the financial period ended 31 March 2015.

11 Jun

Announcement in relation to change of address of the Company.

18 Jun

Announcement in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature; and proposed renewal of authority for the share buy back of up to ten percent of the issued and paid up share capital of the Company.

30 Jul

Notice of the Twentieth Annual General Meeting to the shareholders.

7 Aug

Notice of the Extraordinary General Meeting to the shareholders.

24 Aug

Announcement of the unaudited consolidated results for the financial period ended 30 June 2015.

23 Oct

Announcement in relation to the acquisition of the entire share capital of Tunas Citarasa Sdn. Bhd., a 51% equity subsidiary of Restoran Oversea JV (International) Sdn. Bhd., a wholly-owned subsidiary of Oversea.

19 Nov

Announcement in relation to the declaration of an interim dividend.

20 Nov

Announcement of the unaudited consolidated results for the financial period ended 30 September 2015.

## CORPORATE DIARY

cont'd



# 2016

19 Feb

Announcement of the unaudited consolidated results for the financial period ended 31 December 2015.

6 May

Announcement in relation to the appointment of additional Company Secretaries.

30 May

Announcement of the unaudited consolidated results for the financial period ended 31 March 2016.

30 May

Announcement pertaining to revaluation of the non-current assets of the Group.

5 July

Announcement in relation to the proposed renewal of shareholders' mandate for recurrent related party transaction of a revenue or trading nature.

18 July

Announcement of the proposed amendments to the Articles of Association of the Company.

# CORPORATE STRUCTURE

AS AT 30 JUNE 2016



## OVERSEA ENTERPRISE BERHAD

and its subsidiaries and associated companies

Restoran Oversea (Imbi) Sdn. Bhd.	100%
Restoran Oversea (PJ) Sdn. Bhd.	100%
Restoran Oversea (Subang Parade) Sdn. Bhd.	100%
Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.	100%
Haewaytian Restaurant Sdn. Bhd.	100%
Restoran Tsim Tung Sdn. Bhd.	100%
Restoran Oversea Hong Kong Café Sdn. Bhd. *	100%
Ipoh Group Limited (Registered in Hong Kong) *	100%
Rich Tastes (Centrepoint) Sdn. Bhd. *	100%
Taiwan Haewaytian Limited (Registered in Taiwan) *	100%
Tunas Citarasa Sdn. Bhd. **	100%
Burger Foundry Australia Pty Ltd (Registered in Australia) **	30.1%
Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.	100%
Santaidimsum Sdn. Bhd.**	20.0%
Haewaytian Cake House Sdn. Bhd.	100%
Restoran Oversea Confectioneries Sdn. Bhd.	100%
Haewaytian Food Industries Sdn. Bhd.	100%
Haewaytian Trading Sdn. Bhd.	100%
Tenshou International Sdn. Bhd.	100%
Restoran Oversea Holdings Sdn. Bhd.	100%
Restoran Oversea JV (International) Sdn. Bhd.	100%
Oversea Training Academy Sdn. Bhd.	100%

### OPERATION OF A CHAIN OF CHINESE RESTAURANTS

### OPERATION OF CAFÉ

### OPERATION OF DIM SUM OUTLET

### MANUFACTURING OF MOONCAKES AND OTHER BAKED PRODUCTS

### TRADING

### OWNER OF TRADEMARKS

### INVESTMENT HOLDING

### OTHERS

\* Subsidiary of Restoran Oversea JV (International) Sdn. Bhd.

\*\* Associate of Restoran Oversea JV (International) Sdn. Bhd.

# The equity interest was increased from 51% to 100% with effect from 23 October 2015

## CORPORATE INFORMATION

# BOARD OF DIRECTORS

**YU SOO CHYE @ YEE SOO CHYE**  
*Chairman/Group Managing Director*

**LEE PEK YOKE**  
*Executive Director*

**KHONG YIK KAM**  
*Executive Director*

**LEE SENG FAN**  
*Executive Director*

**KOONG LIN LOONG**  
*Independent Non-Executive Director*

**CHIAM SOON HOCK**  
*Independent Non-Executive Director*

**YAU MING TECK**  
*Independent Non-Executive Director*

**YU TACK TEIN**  
*Executive Director*

**YU SUAT YIN**  
*(Alternate Director to Lee Pek Yoke)*

### COMPANY SECRETARIES

Ng Bee Lian (MAICSA 7041392)  
Yap Sit Lee (MAICSA 7028098)  
Wong Wai Foong (MAICSA 7001358)

### AUDIT COMMITTEE

Koong Lin Loong - Chairman  
Yau Ming Teck  
Chiam Soon Hock

### REMUNERATION COMMITTEE

Chiam Soon Hock - Chairman  
Yu Soo Chye @ Yee Soo Chye  
Yau Ming Teck

### NOMINATING COMMITTEE

Yau Ming Teck - Chairman  
Koong Lin Loong  
Chiam Soon Hock

### INVESTMENT COMMITTEE

Yu Soo Chye @ Yee Soo Chye - Chairman  
Yu Tack Tein  
Yu Suat Yin  
Yap Teck Beng (Group General Manager)

### REGISTERED OFFICE & HEAD OFFICE

D-3-1 & D-3A-1, Seri Gembira Avenue  
Jalan Senang Ria, Taman Gembira  
58200 Kuala Lumpur  
Tel. No. : 03-7972 9683  
Fax No. : 03-7972 9662  
Website : www.oversea.com.my  
Email : info@oversea.com.my

### PRINCIPAL BANKERS

Public Bank Berhad  
Hong Leong Bank Berhad  
United Overseas Bank  
(Malaysia) Berhad

### AUDITORS

Crowe Horwath (AF 1018)  
Kuala Lumpur Office  
Level 16 Tower C, Megan Tower II  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel. No. : 03-2788 9999  
Fax No. : 03-2788 9998

### SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel. No. : 03-7841 8000  
Helpdesk Tel. No. : 03-7849 0777  
Fax No. : 03-7841 8151

### STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Name : OVERSEA  
Stock Code : 0153

## FINANCIAL HIGHLIGHTS

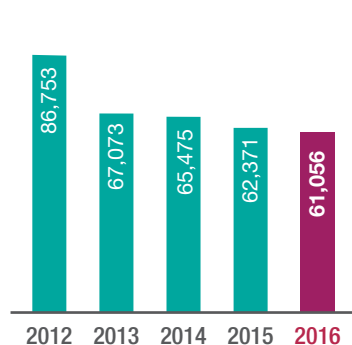
The following table sets out a summary of the Statement of Comprehensive Income of Oversea Enterprise Berhad and its subsidiaries (Group) for the period/financial years ended 31 March 2012 till 31 March 2016.

Period/Year Ended	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) After Taxation RM'000
31 March 2012 <sup>^</sup>	86,753	3,328	1,633
31 March 2013	67,073	(3,650)	(4,510)
31 March 2014	65,475	5,141	3,349
31 March 2015	62,371	1,725	541
31 March 2016	61,056	(2,163)	(3,085)

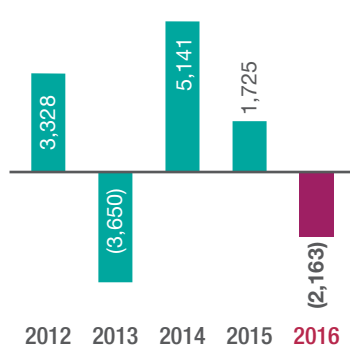
Notes:

<sup>^</sup> The financial year end of the Group was changed from 31 December to 31 March. As a result, consolidated audited financial statement of the Group for the financial period ended 31 March 2012 cover a 15 months period as compared to the 12 months year ended 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016.

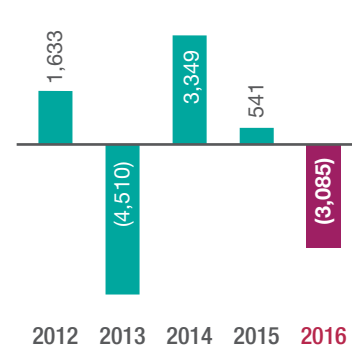
### REVENUE (RM'000)



### PROFIT/(LOSS) BEFORE TAXATION (RM'000)



### PROFIT/(LOSS) AFTER TAXATION (RM'000)





# CHAIRMAN'S STATEMENT

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**DEAR  
SHAREHOLDERS,**

On behalf of the Board of Directors, I hereby bring you the Annual Report and audited financial statements of Oversea Enterprise Berhad (Oversea or the Group) for the financial year ended 31 March 2016 (FY2016).

## **OPERATIONS REVIEW**

The slow global economic growth and the slowdown in China's economy continue to affect regional economies in 2015. Domestically, the sharp drop in commodity prices and implementation of GST in April 2015 affected consumer sentiment. Malaysia's GDP is reported to grow at a slower pace of 5.0% in the year under review (2014:6.0%). In addition, the sharp depreciation of the ringgit in the second half of 2015 added pressure to the overall business environment in advertently increasing the price of imports and consequently cost of operations.

The Group had a very challenging year in FY2016. Contributions from all business divisions registered a loss compared to that for the previous year. In addition, the Group's investment in an associate company had to make a substantial provision for impairment for amount due as well as the provision for diminution for investment in associate.

## **FINANCIAL PERFORMANCE**

Given the market conditions and the significant provision for impairment of amount due as well as the provision for diminution for investment in associate, the Group recorded a net loss after tax for the FY2016 of RM3.1 million as compared to a net profit after tax of RM0.5 million for the previous year.

Its total gross sales revenue recorded for the year was RM61.1 million as against RM62.4 million for the year before, a reduction of 2.1% mainly due to lower contribution from the restaurant segment.

The Group suffered a major setback due to the write down of its amount due from an associate company amounting to RM1.9 million and concurrently the provision for diminution in investment of the said associate of approximately RM0.7 million. Other mitigating factor include the closure of our operations in the café resulting in write off of the plant and equipment totalling RM0.9 million.

The Group recorded a gain from revaluation of properties amounting to RM0.9 million and unrealised foreign exchange gain from amount owing from overseas subsidiaries amounting to RM0.4 million.

## **DIVIDEND**

The Directors do not recommend the payment of any final dividend for the current financial year.

## CHAIRMAN'S STATEMENT

cont'd

### FUTURE OUTLOOK

Malaysia's economy is forecast to grow at an even slower pace in 2016 as compared to year 2015. Bank Negara expects the country's GDP to grow between 4.0% and 4.5% in 2016 (2015: 5.0%), with higher inflation of between 2.5% and 3.5% (2015: 2.1%). Domestic demand growth is also expected to be slower.

The Group will face escalating cost pressure after the minimum monthly wage is increased from the current RM900 to RM1,000 effective 1 July 2016. Given the slower growth and rising cost of living, consumers will become more price sensitive and selective in their purchases of goods and services. Competition amongst manufacturers and service providers to sustain market share is also expected to be more intense.

Despite the dip in performance in FY2016, we remain steadfast and positive about the industry and the business we are in as over the years, we have built a strong foundation for the Group. We are mindful of the challenges ahead and will remain focused in building our businesses. At the same time, we will continue to look for new opportunities to rebuild our profit base and to provide long term growth for the Group.

With the various ongoing Government Transformation Programme, the domestic economy is expected to remain positive with robust domestic consumption being one of the main driver of growth. This augurs well for our business. We will continue to focus on product, service and marketing innovations as well as improving cost competitiveness to drive sales and profits.

### ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my gratitude to our valued customers, shareholders and business associates for the support and trust that you have in us.

To our management staff and employees, the Board expresses its sincere appreciation and gratitude especially to those who have worked hard to ensure the continued success of Group during this difficult period.

To all the Board members of the Group, a warm thank you, we look forward to another fruitful year with your guidance.

Thank you.

**YU SOO CHYE @ YEE SOO CHYE**  
*Chairman/Group Managing Director*

## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

We recognise the importance of Corporate Social Responsibility as an integral part of business to enhance stakeholder confidence and social accountability. Although the Group does not have a formal Corporate Social Responsibility policy but the Group endeavors to contribute to a sustainable and better future. During the year under review, the Group continued to undertake various corporate responsibility initiatives that created value in the areas of the environment, workplace and the community.

Whilst the Group continues to produce high quality products from its manufacturing division, the manufacturing company is fully committed to ensure that its operations comply strictly with the applicable food industry standard and regulations by maintaining its GMP (Good Manufacturing Practice) and MeSTI (Makanan Selamat Tanggungjawab Industri) accorded by the Ministry of Health Malaysia (Kementerian Kesihatan Malaysia). In addition, the manufacturing division is committed to the provision of products in accordance to the HALAL standard accredited by Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia, JAKIM).



The organization endeavor to remain environmentally friendly and the waste treatment facility is in place at its main factory is regularly maintained to avoid environmental contamination from its production effluents. The management of the effluent waste complies to the Akta Kualiti Alam Sekeliling 1974. During the year, the Company had engaged a contractor for its waste water treatment plant to upgrade its filtration system in order to maintain C.O.D and B.O.D standards.



Oversea recognizes that employees are vital contributors to the success of the Group. In order to create a motivated, skilled and effective workforce through which organizational goals can be achieved, various training programs were provided to staffs to boost their career growth and to prepare themselves in compliance to the changing of the government regulations. The Company's in-house training division training team have been continuously providing staff development programs that encourages its employees to participate in continuous learning and improvement opportunities. The Company encourages its staffs to take a more active role in defining and executing their own career paths in line with its business expansion plans.



## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

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The Group also adopted performance measurement system in which, managers and employees could work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. In addition on-going coaching and feedback is pivotal to ensure that employees are meeting their objectives and career goals.

The Group had already planned to execute a comprehensive workplace training encompassing the key elements of Safety, Health, Environment and Security. This initiative is geared towards the safety aspects of the welfare of our greatest asset, our employees.

In August 2015, our Group sponsored a primary school in Jinjang Utara's charity bazaar and had successfully helped the school to raise RM49,000 fund for the upgrading of its classrooms facilities.



## BOARD OF DIRECTORS' PROFILE

### YU SOO CHYE @ YEE SOO CHYE

*Chairman/Group Managing Director  
Malaysian, 71 years old*

Mr. Yu has approximately fifty-six years of experience in the Chinese restaurant industry. As the Group's Managing Director and founder, he has been instrumental in the development, growth and success of our Group. He started his career in the early 1950s when he started working in the kitchen as a kitchen helper. In 1970s, he started his first Chinese restaurant operations under a partnership arrangement, namely Restoran Oversea in Jalan Imbi, Kuala Lumpur. Subsequently in 1983, he converted the partnership into a private limited company. Since then, he has established a chain of six Chinese restaurants in Malaysia, which operates under the brand name of "Restoran Oversea" (海外天). In 1986, he initiated the manufacturing of moon cakes by setting up a small manufacturing facility located in Jalan Imbi, Kuala Lumpur. In 2004, he was also involved in the establishment of our first café in Kuala Lumpur under the brand name "Tsim Tung". Subsequently in 2005, he established our first "dim sum" outlet in Sri Petaling, Kuala Lumpur. In 2007, he obtained his Diploma of Membership from Les Amis d'Escoffer Society, Inc. for the meritorious service recognition for outstanding contributions to promote fine dining. He is currently the Chairman of Perak Ku Su Shin Chuan Hung, Deputy Chairman of World Association of Chinese Cuisine Honoured Chairman of Wilayah Cooks' Friendly Association and Honoured Chairman of The International Exchange Association of Renowned Chinese Cuisine Chefs. He was also the Chief Judge of Malaysia Cuisine Championship and Deputy Judge of The 4th World Championship of Chinese Cuisine. He has extensive experience in the operation and management of food services outlets and he is currently responsible for the overall operations of the Group with emphasis on strategic business planning.

Mr. Yu was appointed to the Board on 6 November 2009 and he is the member of the Remuneration Committee and the Chairman of the Investment Committee.

Mr. Yu is the spouse of Mdm. Lee Pek Yoke, father of Mr. Yu Tack Tein and Ms Yu Suat Yin, and the brother-in-law of Mr. Khong Yik Kam, Mr. Lee Seng Fan and Mr. Lee Seng Pun. He has no conflict of interest with the Company and no convictions for any offences over the past ten years.

### LEE PEK YOKE

*Executive Director  
Malaysian, 62 years old*

Mdm. Lee was the co-founder of the partnership that started with the first "Restoran Oversea" (海外天) in Jalan Imbi, Kuala Lumpur in 1970s. Since then, she has assisted in the establishment of the chain of Chinese restaurants and has accumulated thirty-nine years of experience in the Chinese restaurant industry. In 1986, together with our Group Managing Director, she was involved in the setting up of the manufacturing of moon cakes. She is currently responsible in overseeing the overall planning and management of our Group, including implementation of promotional programmes, menu management and customer services.

Mdm. Lee was appointed to the Board on 6 November 2009.

She is the spouse of Mr. Yu Soo Chye @ Yee Soo Chye, mother of Mr. Yu Tack Tein and Ms. Yu Suat Yin, sister of Mr. Lee Seng Fan and Mr. Lee Seng Pun and sister-in-law of Mr. Khong Yik Kam. She has no conflict of interest with the Company and no convictions for any offences over the past ten years.

### KHONG YIK KAM

*Executive Director  
Malaysian, 67 years old*

Mr. Khong started his career in 1968 when he joined United Engineering Group as a supervisor. He joined Oversea Group in 1985 and has approximately thirty-one years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for the operational functions of our Group including overseeing the maintenance of the equipments and tools, management of licenses and banking facilities.

Mr. Khong was appointed to the Board on 6 November 2009.

He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye, Mdm. Lee Pek Yoke, Mr. Lee Seng Fan and Mr. Lee Seng Pun and uncle of Mr. Yu Tack Tein and Ms. Yu Suat Yin. He has no conflict of interest with the Company and no convictions for any offences over the past ten years.

## BOARD OF DIRECTORS' PROFILE

cont'd

### LEE SENG FAN

*Executive Director  
Malaysian, 50 years old*

Mr. Lee started his career in 1986 when he joined Oversea Group as a chef and is currently the Chief Chef of our Group. He has thirty years of experience as a chef in the Chinese restaurant industry and is mainly responsible for the overall planning and management of the kitchen operations that oversees the cooking, quality control, cost control and personnel management.

Mr. Lee was appointed to the Board on 6 November 2009.

He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye and Mr. Khong Yik Kam, brother to Mdm. Lee Pek Yoke and Mr. Lee Seng Pun, and uncle of Mr. Yu Tack Tein and Ms. Yu Suat Yin. He has no conflict of interest with the Company and no convictions for any offences over the past ten years.

### YU TACK TEIN

*Executive Director  
Malaysian, 42 years old*

Mr. Yu graduated in 1997 with a Bachelor of Engineering Degree from Loughborough University, United Kingdom. His career started in 1998 when he joined Seacera Tiles Bhd as Production Executive. Subsequently in 2001, he joined Oversea Group as the Business Development Manager. He has approximately fifteen years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for developing the Group's business and marketing plans and execution of strategies. He is also involved in new business development of the Group.

Mr. Yu was appointed as Alternate Director to Mdm Lee Pek Yoke on 4 May 2012 and subsequently be appointed as an Executive Director to the Board on 21 February 2014. He is a member of the Investment Committee.

He is the son of Mr. Yu Soo Chye @ Yee Soo Chye and Mdm Lee Pek Yoke, brother of Ms. Yu Suat Yin, and nephew of Mr. Khong Yik Kam, Mr Lee Seng Fan and Mr. Lee Seng Pun. He has no conflict of interest with the Company and no convictions for any offences over the past ten years.

### CHIAM SOON HOCK

*Independent Non-Executive Director  
Malaysian, 68 years old*

Mr. Chiam graduated with a Bachelor of Engineering (Civil) honours degree from the University of Malaya in 1973 and obtained his Master of Science (Planning) degree from the University of Science Malaysia in 1975. In 1988, he was awarded a Fulbright scholarship by the US Government and obtained a Post-Graduate Diploma (Public Administration) from the Pennsylvania State University, US. He was a professional town planner registered with the Board of Town Planners of Malaysia. He was also a Fellow of the Malaysian Institute of Planners. He served City Hall Kuala Lumpur for twenty nine years and retired in 2004 as a Director of Planning and Building Control Department.

Mr. Chiam was appointed to the Board on 6 November 2009. He is the Chairman of the Remuneration Committee, member of the Audit Committee and Nominating Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction for any offences over the past ten years.

## BOARD OF DIRECTORS' PROFILE

cont'd

### YAU MING TECK

*Independent Non-Executive Director  
Malaysian, 45 years old*

Mr. Yau graduated with an Economics Degree from Monash University, Melbourne in 1993. Currently, he is a qualified Certified Practising Accountant (CPA) of the CPA Australia and a Chartered Accountant of Malaysian Institute of Accountants.

He is a skilled financial expert with skills predominantly in the area of corporate finance, financial management and strategic planning honed for twenty-one years. He started his career in Coopers & Lybrand in the Insolvency & Corporate Division and remained there for three years. Whilst with Coopers, he handled a wide portfolio of clients with diverse background and industries.

In 1997, he joined a company listed on the Main Board of Bursa Securities as a Corporate Finance Manager and last served as a Financial Controller of another company listed on the Main Board of Bursa Securities in 2003. During his tenure in the public listed companies, his main functions were taking charge of various corporate exercises and their implementations.

In 2004, he embarked on his private business practice in corporate and financial advisory in the area of corporate finance, mergers and acquisitions and restructuring with the main focus of the business in the People's Republic of China, Singapore and Australia. Currently he is an Independent Non-Executive Director of UMS-Neiken Group Berhad.

Mr. Yau was appointed to the Board on 6 November 2009. He is the Chairman of the Nominating Committee, member of the Audit Committee and Remuneration Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no conviction for any offences over the past ten years.

### KOONG LIN LOONG

*Independent Non-Executive Director  
Malaysian, 52 years old*

Mr. Koong is qualified as a Chartered Management Accountant in the United Kingdom; a member of the Malaysian Institute of Accountants, Certified Practising Accountants Australia and Chartered Tax Institute of Malaysia.

He is also the Associate Member of Malaysian Association of Company Secretaries, the Institute of Internal Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors.

He is the National Council Member of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM); Chairman of ACCCIM Small & Medium Enterprises (SMEs) and ACCCIM Taxation Committee. He is the Council Member of Chartered Tax Institute of Malaysia (CTIM); Board of Director cum Chairman of Audit Committee of SME Corp, Ministry of International Trade and Industry of Malaysia.

He is the Managing Partner of REANDA LLKG INTERNATIONAL, Chartered Accountants and Executive Director of K-Konsult Taxation Sdn. Bhd. and its group of companies. He is currently an Independent Non-Executive Director of Ideal Jacobs (Malaysia) Corporation Bhd.

Mr. Koong was appointed to the Board on 6 November 2009. He is the Chairman of the Audit Committee and a member of the Nominating Committee.

Mr. Koong has no family relationship with any Director/major shareholder of the Company, nor any conflict of interest with the company. He has no conviction for any offences over the past ten years.

## BOARD OF DIRECTORS' PROFILE

cont'd

### YU SUAT YIN

*Alternate Director to Mdm. Lee Pek Yoke, Executive Director.  
Malaysian, 41 years old*

Ms. Yu graduated in 1994 with a Bachelor of Accounting and Financial Management Degree from University of Buckingham, United Kingdom. Her career started in 1994 when she joined Malaysia Management Consultant as a management trainee. Between 1996 and 1999, she was with Peter Chong & Co as Auditor. In 1999, she left and joined Oversea Group as General Manager Assistant and she was responsible for the overall operation of food services outlets and she is also involved in the planning and implementation of promotional programmes and activities.

Ms. Yu is currently the Vice President, Group Operation of the Group. Ms. Yu has accumulated seventeen years of experience in managing the Chinese restaurant operation and recent years she also spent time assisting in the management of the kitchen. She is also involved in the new business development of the Group.

Ms. Yu was appointed as Alternate Director to Mdm Lee Pek Yoke, Executive Director on 21 February 2014. She is a member of the Investment Committee.

She is the daughter of Mr. Yu Soo Chye @ Yee Soo Chye and Mdm Lee Pek Yoke, sister of Mr. Yu Tack Tein and niece of Mr. Khong Yik Kam, Mr. Lee Seng Fan and Mr. Lee Seng Pun. She has no conflict of interest with the Company and no convictions for any offences over the past ten years.



## STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (Board) of Oversea Enterprise Berhad (Company or Oversea) recognises the importance of corporate governance and is committed to maintain and promote high standards of corporate governance at all times in enhancing business prosperity and corporate accountability with the objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders.

This statement aims to provide an insight into the corporate governance practices of the Company on how the Company has applied the principles and recommendations in the Malaysian Code on Corporate Governance 2012 (MCCG 2012) for the financial year 2016 (FY2016). Other than the Directors, all management staff are also reminded that good governance is also part of their responsibilities.

### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### *Establish clear functions reserved for the board and those delegated to management*

The Board is responsible for the business affairs and overall performance of the Company and its subsidiary companies. The Board plays an important role in determining the long term and strategic direction of the Group for the purpose of enhancing shareholders' value and to ensure long term sustainability of the Group.

The roles and responsibilities of the Board are set out in the Board Charter, with a schedule of matters specifically reserved for decision-making, which includes among others, approval of business strategies and plans, annual budget, acquisitions and disposals that are material to the business, declaration of interim dividend and recommendation of final dividend for approval by the shareholders, material corporate exercise, approval of financial statements and investment in project above a pre-determined limit.

In order to effectively discharge the Board's functions and responsibilities, the Board has entrusted certain responsibilities to the Board Committees and the Executive Directors. The Group's Managing Director together with other Executive Directors are supported by the management team. The duties pertaining to the implementation of the strategic plans and overseeing of the Group's day-to-day management and operation are delegated to the management team. The Chairman of the Board Committees and the Executive Directors report to the Board all important issues and concerns during Board meeting.

#### *Establish clear roles and responsibilities in discharging its fiduciary and leadership functions*

##### **a. Reviewing and adopting the Company's strategic plans**

The Board plays an important role in reviewing and adopting the strategic plans for the Group. The Executive Directors and the management team work together to formulate the yearly strategies and plans for the Group. The proposed strategies and business plans together with the Group budget will then be tabled for discussion and deliberation by the Board and approval sought from the Board before the commencement of a new financial year.

The formulation of the business plans and budget setting for the FY2016 commenced three months before the beginning of the financial year. During the process of strategic planning, the Executive Directors met the management team several times to discuss important issues and concerns in order to deliver the best outcomes. Previous year's business performance and economic factors and market conditions that may affect the performance of the businesses were taken into consideration in formulating the business plans and setting the Group budget. After much efforts, a well-defined business strategy map and action plans were properly drawn up and communicated to the respective Division Heads for their necessary actions.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

### *Establish clear roles and responsibilities in discharging its fiduciary and leadership functions cont'd*

#### **b. Overseeing the conduct of the Company's business**

Under the leadership of the Group Managing Director, the Executive Directors oversee the day-to-day management and operation of the Group as a whole, to ensure the strategic objectives and plans of the Group are met.

The Executive Directors are supported by the management team to ensure that effective systems, controls and resources are in place to execute business strategies and decisions directed by them. The management team reports to the Executive Directors the significant operational issues and concerns arisen from the day-to-day operation and the progress of the key initiatives undertaken by the management team.

During the financial year under review, the Executive Directors conducted Group performance and budget reviews together with the management team. The management team analysed and reported to the Directors reason for variances and various operational issues and factors that affecting the business were also tabled for discussion. Necessary actions were taken to resolve problems faced and preventive actions were recommended and implemented to avoid recurrence of similar problems in future. The Board conducted quarterly review and evaluation of the Group's business plans and performance and the progress of the new projects, as well as approving the quarterly results within the stipulated timeframe. Management staff were invited to attend Board meetings to brief the Board on the financial and non-financial information and the achievement of the business performance as compared to the targets set as well as the progress of the key initiatives. The Board ensured that the performance reporting process linked objectives, principles and practices to its needs.

#### **c. Identifying principal risks and ensuring the implementation of appropriate systems and mitigation measures**

The Board, through the Risk Management Committee play a critical role in ensuring that the management is robustly challenged on aspects of principal risks are being identified, managed and monitored. The increased level of challenge will continue to assert the Company to focus more time and resources on how risk is effectively managed. As such, the Board shall ensure a sound system of risk management and internal control are in place and appropriate actions were taken to mitigate any risks.

During the financial year under review, the management team undertaken various initiatives in identifying possible risks that may affect the business of the Group by implementing policies and procedures and appropriate measures have been taken to mitigate risks.

#### **d. Succession planning**

The Board acknowledges that succession planning is an integral part of the business continuity plan of the Company in ensuring the Company continues to achieve its vision and mission. The Nominating Committee (NC) has been entrusted by the Board to identify and assess potential candidates for the position of the Board and key management. The NC seeks to ensure that an appropriate succession planning framework, including the formulation of the nomination, selection and succession policies and procedures for the succession planning are in place.

There was no new appointment of Director during the financial year under review. The NC will continue to perform its duty to identify potential candidates to ensure orderly succession of the senior management.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

### *Establish clear roles and responsibilities in discharging its fiduciary and leadership functions cont'd*

#### e. **Overseeing the development and implementation of a communication policy for the Company**

The Board recognises the importance of being transparent and accountable to its shareholders of its latest business and corporate developments in enhancing value to its shareholders. The fundamental objectives of transparency and accountability, revolves around clear communication of relevant and comprehensive information that is timely and readily accessible by all shareholders and investors.

The Company is in the midst of formalising the Shareholders Communication Policy and upon completion, it will be tabled to the Board for adoption and approval upon completion. The following are the methods of communication made available since the listing of the Company:-

- General meetings;
- Bursa announcements;
- Annual report;
- Company's website;
- Press conferences/media releases; and
- Telephone/facsimile/e-mail/post.

#### f. **Reviewing the adequacy and integrity of the management information and internal control system of the Company**

The Board is committed to establish and maintain an adequate internal control system in all its business functions to provide reasonable assurance of effective and efficient operations, comply with the applicable laws and regulations as well as the internal policies and procedures of the Group.

The effectiveness of the internal control systems of the Group is assessed by outsourced Internal Auditors. All significant findings will be highlighted and deliberated at the Audit Committee (AC) meetings. During the FY2016, a total of four audit reports were issued and tabled at the AC meetings for discussion with the recommended corrective actions acted upon.

Details of the Group's internal control system and its effectiveness are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

### **Formalise ethical standards through a code of conduct and ensure its compliance**

The Directors and the employees of the Group are expected to behave ethically and professionally at all times in accordance with the principles set out in the code of conduct. The code of conduct covers, among others, the aspects of the business operations, including compliance with the applicable laws, duties and responsibilities, conflict of interest, confidential information, workplace environment, working behaviour, discipline and conduct, use of resources, protecting Company's assets, dealing with external parties and dealings in securities. The code of conduct also prohibits expressly improper activities such as insider trading, bribery and corruption, and any competing or conflicting actions against the Company's well-being.

The code of conduct for Directors is set out in the Board Charter and will be communicated to new Director upon his/her appointment. All employees are required to understand and accept the terms of the code of conduct and it forms part of the Company's induction programme for newly joined employees.

A summary of the code of conduct is contained under Section 1.7 of this statement.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

### *Formalise ethical standards through a code of conduct and ensure its compliance cont'd*

The Whistleblowing Policy which was adopted by the Board in 2014, aims at protecting the integrity, transparency, accountability and impartiality within the Group. It provides a structured reporting channel and guidance to all employees and stakeholders (shareholders, customers and suppliers) on how and to whom unethical behaviours, as well as actual or potential fraud within the Group shall be properly reported. The following are the summary of the reporting procedure and how the Company deals with the reports:-

#### **Reporting Procedure**

Employees of the Group who wish to report concerns for malpractice, illegal act or omission of work by any employee of the Group should be communicated to the immediate superior. If for any reason, it is believed that it is not possible or inappropriate to do so, the concern should be reported to the Group's General Manager, Mr. Yap Teck Beng (email: [tbyap@oversea.com.my](mailto:tbyap@oversea.com.my)) and in case where reporting to the management is a concern, the report should be made directly to the Chairman of the AC, Mr. Koong Lin Loong (email: [llkoong@llkg.com.my](mailto:llkoong@llkg.com.my)). Report by way of letter to both of them is also possible and the letter shall be posted to the head office of the Company at D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur. (To be marked "Strictly Confidential")

#### **Dealing with report received**

- i. All reports will be investigated promptly by the authorised person receiving the report;
- ii. All reports received anonymously will be treated with confidentiality;
- iii. Upon completion of investigation, the authorised person will prepare and endorse the investigation report and give recommendation to the AC and Board for their deliberation. Decision from the Board will be implemented immediately; and
- iv. Where applicable, proper steps will also be implemented to prevent recurrence of similar situation.

The code of conduct and the Whistleblowing Policy are available on the Company's website at [www.oversea.com.my](http://www.oversea.com.my).

#### **Strategies promote sustainability**

In broad context, the environmental, social and governance aspect are the three pillars of sustainability in building a sustainable business. The Board is mindful of its responsibility to ensure that the Group's strategies continue to promote good corporate governance through these sustainability practices. The Company is in the midst drafting a formal Sustainability Policy to ensure that the Group's strategies continue to promote sustainability. The corporate responsibility activities carried out during the year are disclosed in the Sustainability and Corporate Social Responsibility Report on pages 10 to 11 of this Annual Report.

#### **Access to information and advice**

The Board has the rights to obtain complete and timely information concerning the financial and affairs of the Company in making decisions. As such, Directors have unrestricted access to any information pertaining to the Group and maintain a transparent relationship with the management team.

The Board papers, which include financial reports, minutes of the previous meeting, investment proposals, progress report and other relevant documents will be circulated to all Directors at least seven days in advance before each meeting. This ensures that Directors have sufficient time to prepare adequately for the meetings and expedite the decision making process during the Board meetings. Key management staffs are invited to attend Board meetings as and when necessary to provide explanation and information to the Board on significant corporate, financial and operational issues and proposals submitted for consideration by the Board.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

#### ***Access to information and advice*** *cont'd*

The Board has the rights to seek for independent professional advice at the expense of the Company in discharging its stewardship effectively and efficiently. In regard to this, individual Director shall first brought to the attention of the Chairman the purpose for such request for external advisers and the In-house Secretary shall assist the Director to source for the suitable advisors. When necessary, the proposal from the independent professional advisor shall be tabled for the Board's deliberation and approval. The Board shall ensure that the engagement of independent professional advice is solely in the interest of the Group. During the financial year under review, RHB Investment Bank Berhad was appointed as the principal advisor to undertake the proposed special Bumiputera issue of up to 12.5% of the enlarged issued and paid-up share capital of Oversea (Bumiputera Equity Condition) to Bumiputera investors to be identified. The appointment is necessary to comply with the Bumiputera Equity Condition and it was approved by the Board.

#### ***Qualified and competent Company Secretary***

The Company Secretaries are qualified to act under Section 139A of the Companies Act, 1965 and are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries are responsible to provide support and guidance in advising the Board on all secretarial matters of the company, in particular the compliance of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Listing Requirements) and relevant rules and regulations, Company's Articles of Association, Board policies and procedures, boardroom effectiveness as well as the best practices on governance.

During the year under review and up to the date of this report, the Company Secretaries had facilitated the Board on the following matters:-

- i. Organised and attended all Board and Board Committee meetings and ensured that meeting procedures are followed and deliberations at such meetings are well minuted;
- ii. Prepared meeting agendas and documents required for the shareholders' meetings;
- iii. Released announcements and submitted annual financial statements and annual report to Bursa Securities on a timely manner;
- iv. Updated the Board on the amendments to the Listing Requirements and guidelines, and brought to the attention of the Board all circulars from Bursa Securities;
- v. Highlighted to the Board all compliance and governance issues and advised the Board on achieving highest standard of corporate governance in accordance to the recommendations in the MCCG 2012; and
- vi. Recommended available training programmes for the Directors to attend.

The Board is satisfied with the performance of the Company Secretaries in assisting them to discharge their duties.

#### ***Board Charter***

The Board Charter serves as a guide to the Board members of their roles and responsibilities in discharging their duties as Directors. The principles of good corporate governance are set out in the MCCG 2012 and the Listing Requirements were taken into consideration during the process of formalising the Board Charter.

The Board adopted its Board Charter in May 2014. The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

### **Board Charter** *cont'd*

The Board Charter covers the following:-

- i. Duties and responsibilities of the Board;
- ii. Schedule of matters specifically reserved to the Board;
- iii. Roles of the Chairman of the board;
- iv. Roles of the Chief Executive Officer/Group Managing Director;
- v. Roles of the Company Secretary;
- vi. The Board Committees;
- vii. Code of conduct;
- viii. Board meeting;
- ix. Appointment, re-election and re-appointment of Directors;
- x. Directors' training;
- xi. Directors' remuneration;
- xii. Board and Board members assessment; and
- xiii. Review of the Board Charter.

As set out in the Board Charter, the summary of the roles and responsibilities and code of conduct of the Board are as follows:-

### **Roles and responsibilities**

- i. Review and adopt the Group's strategic plan;
- ii. Overseeing the conduct of the Company's business;
- iii. Identifying principal risks and ensuring the implementation of appropriate systems and mitigation measures;
- iv. Establish and oversees a succession planning programme;
- v. Overseeing the development and implementation of a communication policy for the Company;
- vi. Reviewing the adequacy and integrity of the management information and internal control system of the Company;
- vii. Oversee the development and implementation of various Board policies;
- viii. Avoiding conflict of interest and ensuring disclosure of possible conflict of interest; and
- ix. Undertake various functions and responsibilities as specified in the guidelines and directives issued by the regulatory authorities.

### **Code of conduct**

#### **a. Corporate Governance**

- i. Compliance with legal and regulatory requirements and Board policies at all times;
- ii. Recognise the primary responsibilities to the shareholders as a whole, having regard for the interest for all the stakeholders of the Group and to ensure that the Company is properly managed and effectively controlled;
- iii. Act in the best interest of the Company and its shareholders with integrity and in good faith, with due diligence and care;
- iv. To be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- v. Devote time and effort to attend meetings and to discharge those functions;
- vi. Must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company and report to the Board on any potential conflict;
- vii. Must not take improper advantage and not to make improper use of information of the position of Director;
- viii. Must not use price sensitive non-public information, which can affect the prices of the securities of the Company until and unless it becomes publicly known;
- ix. Keep confidential of the Board's discussions and deliberations; and
- x. Notify the Chairman before accepting any new directorship outside the Group and limit the directorship in listed issuers.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

#### Code of conduct *cont'd*

##### **b. Relationship with Shareholders, Employees, Creditors and Customers**

- i. Promote professionalism and improve the competency of management and employees at all times; and
- ii. Ensure adequate safety measures and provide proper protection to workers and employees at workplace.

##### **c. Social Responsibilities**

- i. Ensure the effective use of natural resources and consider the environment impact before disposal of waste;
- ii. Ensure the activities and the operations of the Company do not harm the interest and the well-being of the society; and
- iii. Proactive to the needs of the community and to assist in society-related programmes.

The Board Charter was last reviewed on 30 June 2016 and necessary updates such as schedule of matters specifically reserved to the Board on decision-making and circulation of the meeting papers to the Board were reflected in the Board Charter.

The Board Charter is accessible on the Company's website at [www.oversea.com.my](http://www.oversea.com.my).

### PRINCIPLE 2: STRENGTHEN COMPOSITION

#### ***Nominating Committee***

The Nominating Committee (NC) of the Company comprises exclusively of Independent Non-Executive Directors.

Mr. Yau Ming Teck was appointed as the Chairman of the NC since 2010. The Board noted that the MCCG 2012 recommends that the Chairman of the NC should be a Senior Independent Non-Executive Director identified by the Board. As such, the Board will identify/appoint a Senior Independent Director for the Company as it deems necessary.

Among others, the key responsibilities of the NC are as follows:-

- i. To propose nominees for appointment to the Board and Board Committees;
- ii. To oversee the overall composition of the Board and Board Committees in terms of the appropriate skills and size, the balance between Executive Directors and Independent Non-Executive Directors and the mixture of skills and other core competencies required through annual review;
- iii. To assist the Board in carrying out annual assessment on the effectiveness of the Board and Board Committees as a whole, and the contribution, competencies, commitment and performance of each Director;
- iv. To facilitate the achievement of Board Gender Diversity policy, as well as the targets and measures to achieve it; and
- v. To carry out annual assessment on the independence of the Independent Directors.

Meetings are to be held as and when necessary with a quorum of two. Recommendations made by the NC are to be submitted to the Board for approval.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 2: STRENGTHEN COMPOSITION *cont'd*

#### **Nominating Committee** *cont'd*

During the FY2016, one meeting was held and attended by all the members. The main activities carried out by the NC were as follows:-

- i. Assessed the composition, knowledge, skills and experience of the Board;
- ii. Assessed the effectiveness of the Board and Board Committees;
- iii. Assessed the performance of individual Director;
- iv. Assessed the independence of the Independent Directors;
- v. Recommended to the Board who are retiring by rotation to be put forward for re-election at the forthcoming Annual General Meeting (AGM); and
- vi. Recommend the continuation in service of the Director who has reached the age of seventy;

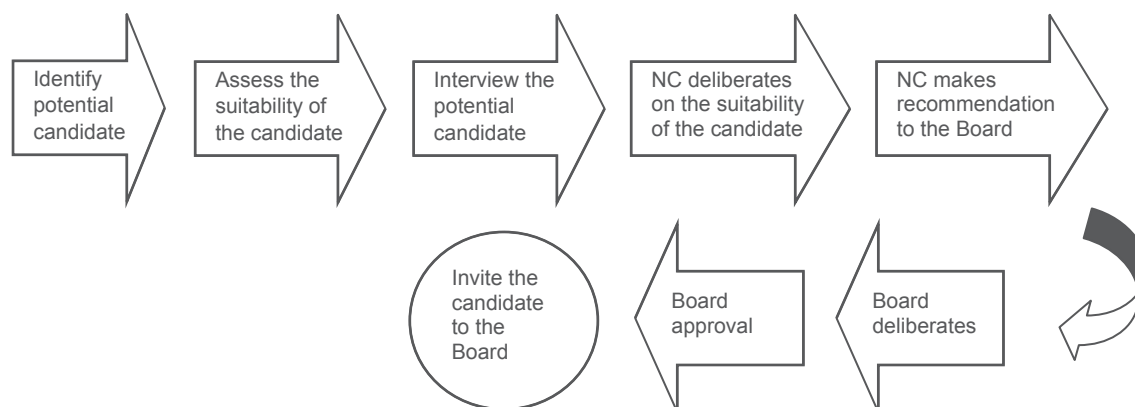
#### **Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors**

The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.

#### **a. Determination of selection criteria for recruitment of Directors**

In recommending to the Board of any appointment of Director, the NC considers the criteria, namely the composition requirements for the Board, the skills, knowledge, expertise, experience, professionalism, integrity, capability, time commitment, character, competence and such other relevant criteria of the proposed candidate. The NC will assess the independence of the candidate in the case of appointment of an Independent Non-Executive Director.

The process for the recruitment of new Director is summarised as below:-



During the financial year under review, there was no new appointment of Director to the Board. The Terms of Reference (ToR) of the NC is accessible on the Company's website [www.oversea.com.my](http://www.oversea.com.my).



## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 2: STRENGTHEN COMPOSITION *cont'd*

#### ***Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors***

##### **b. Annual assessment of Directors**

The NC is responsible to carry out annual assessment on each individual Director in terms of their competency, contribution, time commitment and other qualities. The NC also carries out annual assessment on the effectiveness of the Board and the Board Committees as a whole based on the criteria of the required mix of skills and experiences, composition, boardroom diversity, and boardroom activities.

The NC shall also assess the Independent Non-Executive Directors of the Company in their capacities as Independent Directors, the AC and its individual members. The NC shall report to the Board the outcome of the evaluation and make recommendation to the Board on areas that required improvement.

The NC initiated the first assessment in February 2016, using the sample exhibits in the Corporate Governance Guide issued by Bursa Malaysia as the evaluation forms for performance evaluation for the Board and Board Committees and Director's peer evaluation. The NC had also reviewed and assessed the independence of the Independent Directors of the Company.

The NC had on 19 February 2016 reviewed and conducted the annual assessment.

##### **c. Review of Directors proposed for re-election/re-appointment**

Pursuant to the Articles of Association of the Company, all Directors shall retire at least once in every three years and at least one-third of the Directors for the time being shall retire by rotation and the Directors to retire at each AGM would be those who have been longest in the office. A retiring Director is eligible for re-election. Directors over seventy years of age are required to retire at each AGM and may offer themselves for re-appointment to hold office until the next AGM in accordance with Section 129 (6) of the Companies Act, 1965.

The results of the annual assessment for Directors form a basis in recommending the relevant Directors to the Board for re-election and re-appointment at the next AGM. In February 2016, the Board approved the recommendation of the NC that Mr. Lee Seng Fan, Mr. Koong Lin Loong and Mr. Chiam Soon Hock who are due for retirement by rotation pursuant to Article 85 of the Articles of Association of the Company, and Mr. Yu Soo Chye @ Yee Soo Chye, who is due for retirement pursuant to Section 129(6) of the Companies Act, 1965 at the forthcoming Twenty-First AGM, be eligible to stand for re-election and re-appointment. All four Directors had expressed their intention to seek re-election/re-appointment at the Twenty-First AGM.

The profiles of the said Directors are set out on pages 12 to 15 of this Annual Report.

##### **d. Review of the composition of Board Committees**

The NC is delegated by the Board to review the overall composition of the Board Committees, including succession planning to maintain the appropriate size and skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as the mixture of skills and other core competencies required on the Board. This is to ensure the Board Committees are able to discharge their duties and responsibility effectively and to meet the objectives of the Board Committees.

The NC shall take into account criteria such as time commitment and competency, as well as the background, qualification and knowledge of the potential candidates when selecting new members to be appointed in the Board Committees.

The ToR of the NC was revised on 30 June 2016 by incorporating the duty to review the composition of the Board Committees annually.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 2: STRENGTHEN COMPOSITION *cont'd*

#### ***Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors cont'd***

##### **e. Boardroom diversity**

Although the Board has yet to adopt any formal Board diversity policy, it recognises and embraces the importance of having a diverse Board that will benefit from a diverse mix of knowledge and experience, background, expertise, age, gender, ethnicity and other qualities in its composition. It is an essential element in maintaining competitive advantage by having diverse Board members to leverage different perspectives to various issues raised and help in decision making, which will contribute to the sustainable development of the Company. The NC will take into consideration the benefits of diversity in sourcing and selecting new Board members as well as in conducting annual assessment of Board and Board Committee members.

In supporting the gender boardroom diversity as stated in the Corporate Governance Blueprint 2011 and the MCCG 2012, the Board will endeavour to source for suitable and creditable women candidates in order to have more women participation in the boardroom as well as establishing a gender diversity policy.

#### ***Remuneration policies and procedures***

The Board is mindful that fair remuneration for Directors is important in attracting, retaining and motivating knowledgeable and experienced individuals of the calibre needed to manage the business of the Company. The Remuneration Committee (RC) should benchmark the remuneration of the Directors against the remuneration levels for similar positions in other public listed companies in order to ensure that the Board's remuneration packages are competitive.

The RC has a formal and transparent procedure to review each Director's remuneration package which take into consideration on corporate and individual performance; experience and level of responsibilities of the Directors concerned. The RC is responsible for recommending to the Board for approval the remuneration packages of the Executive Directors, taking into consideration individual Director's performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions.

As for Non-Executive Directors, the level of fee should reflect the experience and level of responsibilities undertaken by the said Non-Executive Directors. With the recommendation from the NC, the Board as a whole determines the fee for the Non-Executive Directors and seek approval from the shareholders at the AGM.

All individual Directors shall abstain from making decisions in respect of his own remuneration. Currently there is no fee or allowance payable to the Board Committee members.

The RC of the Company consists a majority of Non-Executive Directors.

Among others, the key responsibilities of the RC as stated in the ToR are as follows:-

- i. To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;
- ii. To recommend to the Board the remuneration packages for the Executive Directors;
- iii. To determine and agree with the Board an appropriate performance framework, assessing Directors' performance against targets and determine resultant annual remuneration levels; and
- iv. To determine the policy for and scope of service agreements for Directors, termination payment and compensation commitments.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 2: STRENGTHEN COMPOSITION *cont'd*

#### *Remuneration policies and procedures cont'd*

During the FY2016, one meeting was held and attended by all the members. The main activities carried out by the RC were as follows:-

- i. Reviewed the remuneration packages of the Executives Directors and made recommendation to the Board for approval; and
- ii. Reviewed and proposed to the Board the Directors' fees payable to the Non-Executive Directors for the FY2016, which is to be approved by the shareholders at the forthcoming AGM.

The Board had conducted a review on the remuneration package of Directors in February 2016 and is of the view that the current remuneration level is sufficient to attract, retain and motivate qualified Directors to serve on the Board.

The remuneration of the Executive Directors comprises of salaries and bonuses while the remuneration of the Non-Executive Directors comprises of annual fee. The details of the remuneration categorised into appropriate components, paid/payable to the Directors for the FY2016 are as follows:-

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	-	108,000
Salaries and allowance	2,169,169	-
Other emoluments	-	-
<b>Total Directors' Remuneration</b>	<b>2,169,169</b>	<b>108,000</b>

Number of Directors whose remuneration falls into the following bands:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM150,000 – RM200,000	2	-
RM200,001 – RM250,000	1	-
RM300,000 – RM350,000	1	-
RM350,000 – RM400,000	1	-
RM850,000 – RM900,000	1	-

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 3: REINFORCE INDEPENDENCE

### *Undertake an assessment of the Independent Directors annually*

The Board recognises that it is important to assess the independence of its Independent Directors. An “Independent Director” must satisfy the definition of “independent director” set out in Rule 1.01 and Guidance Note 9 of the Listing Requirements.

Newly appointed Independent Directors are required to confirm and declare their independence by completing a questionnaire, prior to their appointment to the Board.

At the annual assessment carried out in February 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and it will continue to conduct independence assessment annually with the assistance of the NC to ensure that the Independent Directors are able to exercise independent judgment and act in the best interests of the Group.

### *Tenure of Independent Directors*

In accordance with the provision in the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine years. The said Independent Director may continue to serve on the Board provided he/she is re-designated as a Non-Independent Director. In the event the Board intends to retain the said Director as Independent Director, the Board must justify the decision and seek shareholders’ approval at general meeting. The NC is responsible to carry out an assessment of independence of such Independent Director to justify such decision.

### *Shareholders’ approval for the retention of an Independent Director who has served in that capacity for more than nine years*

No shareholders’ approval will be sought for the purpose to retain Independent Director at the forthcoming AGM as none of the Independent Director of the Company has served the Board in that capacity for more than nine years.

### *Separation of positions of Chairman and Managing Director*

The role of the Chairman and the Group’s Managing Director remains unseparated. The Group’s Managing Director has primary responsibilities in managing the Group’s day-to-day operations and together with other Executive Directors, to ensure that the strategies are fully discussed and examined and take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Company has yet to identify a suitable non-executive Chairman for the Board. To comply with Recommendation 3.4 of the MCCG 2012 which is to promote accountability and facilitates division of responsibilities between Chairman and the Group’s Managing Director, the Company is putting efforts to identify/source for suitable candidate to be the non-executive Chairman of the Board. The target date to comply with this Recommendation is 31 December 2017.

### *The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director*

In the event the Company is unable to identify/source for a suitable non-executive chairman for the Board, the Company will increase the number of Independent Directors in order to comply with Recommendation 3.5.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 4: FOSTER COMMITMENT

### *Expectations on time commitment for Board members and protocols for accepting new directorships*

Each Board member is expected to devote sufficient time to carry out his/her role as a Director, and if applicable, as a member of the Board Committees, to effectively discharge their duties and to use their best endeavours to attend meetings.

The schedule for the Board meetings for the FY2016 was formulated in February 2015 and shared with the Directors before the beginning of the financial year to enable the Directors to plan accordingly and fit the year's meetings into their schedules.

The Board shall meet a minimum of four times a year at quarterly intervals. During the FY2016, four Board meetings were held to discuss and approve the Company's quarterly financial results, review of the Group's performance, business strategies and development activities and the progress of the investments; discuss and adopt audit planning, audit review reports and report from the Internal Auditors and other important issues raised that required the Board's input and approval. A special Board meeting was held on 23 March 2016 to discuss and approve a new investment.

All proceedings of the Board meetings are duly minuted, circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. Director who has direct or indirect interest in the subject matter to be discussed during Board meetings will declare his or her interest and abstain from the decision making process.

All the Directors have complied with the minimum of 50% attendance requirement in respect of Board meetings as stipulated in the Listing Requirements for the FY2016. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. Details of attendance of each Director in respect of the Board meetings held during the FY2016 are as follows:-

No.	Name of Directors	No. of Board meetings attended
1.	Yu Soo Chye @ Yee Soo Chye	4/5
2.	Lee Pek Yoke	4/5
3.	Lee Seng Fan	4/5
4.	Khong Yik Kam	5/5
5.	Yu Tack Tein	5/5
6.	Koong Lin Loong	4/5
7.	Chiam Soon Hock	5/5
8.	Yau Ming Teck	4/5

The Directors are aware that the directorships for each Director is limited to five in public-listed companies. During the FY2016, none of the Director of the company exceeded the limit as prescribed by the Listing Requirements. The Board is satisfied that the current number of directorships held by the Board Members do not impair their ability or judgement in discharging their roles and responsibilities.

All Directors are expected to provide notification to the Chairman of the Board before accepting any new external board appointment in another public-listed company, and to indicate the estimated time that will be spent on the new appointment with assurance to the Chairman that he or she would be fully committed to fulfilling his or her role as a Director in the Company in spite of the new appointment.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 4: FOSTER COMMITMENT *cont'd*

*The board should ensure its members have access to appropriate continuing education programmes*

#### Training and Continuing Education Programme

Besides attending the Mandatory Accreditation Programme as required by Bursa Securities immediately after the appointment as Directors, the Directors are mindful of the needs to access to appropriate continuing education programs in order to upgrade and improve their knowledge and enhance their skills in discharging their duty and responsibilities as Directors. The NC has undertaken an assessment of the training needs of the Directors on 19 February 2016. The Company Secretary will keep Directors regularly advised of relevant training courses available for their consideration.

Details of the training programmes attended by the Directors during the FY2016 up to the date of this Annual Report are summarised as below:-

No.	Name of Directors	Training/Courses Attended
1.	Yu Soo Chye @ Yee Soo Chye	- National Entrepreneurs Convention.
2.	Lee Pek Yoke	- National Entrepreneurs Convention.
3.	Lee Seng Fan	- National Entrepreneurs Convention.
4.	Khong Yik Kam	- National Entrepreneurs Convention.
5.	Yu Tack Tein	- Improving Board Risk Oversight Effectiveness Analysis of Corporate Governance Disclosure in the Annual Reports of the Listed Issuers. - Audit Committee Conference 2016. - The Global Leadership Summit.
6.	Koong Lin Loong	- National Tax Conference 2015. - 2016 Budget Seminar. - 2016 Budget Seminar - Panelist. - National GST Conference 2015.
7.	Chiam Soon Hock	- Independent Directors - Regulator's Expectation.
8.	Yau Ming Teck	- Time & Priority Management Training.
9.	Yu Suat Yin (Alternate Director to Lee Pek Yoke)	- Consultancy Project for Performance Measurement System. - Develop Strategic Sales Initiatives and Sales Blueprint. - Philip Kotler Marketing Forum Malaysia 2015. - Strategy Maps & Balanced Scorecard. - Reshaping the Board's Expectation in Evaluating Opportunities when Executing Overseas Investments. - Improving Board Risk Oversight Effectiveness. - Analysis of Corporate Governance Disclosure in the Annual Reports of the Listed Issuers.

The Board will arrange for the induction programme to be conducted for any new appointment such as site visits and meetings with senior management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### *Compliance with applicable financial reporting standards*

The Board is committed to provide and present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects, through the annual financial statements and quarterly results to the shareholders and the regulatory authorities. The Board is also responsible for ensuring that accounting and other records are properly kept.

The Board is assisted by the AC in overseeing the financial reporting processes and the quality of the financial reporting of the Group. The AC reviews the annual and interim financial statements, and to ensure that the Group's accounting policies are consistently applied and supported by reasonable and prudent judgments and estimates; and that financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group. Timely release of quarterly results announcements, annual financial statements and annual report reflects the Board's commitment to provide transparent and up-to-date disclosures to the shareholders and the investors. The Internal Auditors carry out necessary assessment on the internal control system of the Group and report the findings to the AC on a quarterly basis.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements for the FY2016 is set out on page 40 of this Annual Report.

#### *Policies and procedures to assess the suitability and independence of the External Auditors*

The Board maintains a transparent and professional relationship with the Group's External Auditors. The AC invites the External Auditors to attend its meetings as and when required to discuss issues relating to audit plan, audit findings and the Group's financial statements. Private session between the AC and the External Auditors without the presence of the Executive Directors and the management staff is held to allow the AC and the External Auditors to exchange free and honest views and opinions on matters related to audit and audit findings of the Group. During the FY2016, the External Auditors was invited twice to the AC meetings on 15 May 2015 and 19 February 2016 and both parties had their private discussion session in each of the meeting.

The Company is preparing to put in writing the policies and procedures to assess the suitability and independence of the External Auditors and will table the same for approval by the Board. The External Auditors Suitability and Independence Assessment Policy shall cover the following areas:-

- i. The objective of the policy;
- ii. Selection and appointment procedure;
- iii. Assessment of independence;
- iv. Non-audit services;
- v. Term of audit partner;
- vi. Annual audit plan;
- vii. Annual performance assessment; and
- viii. Review

An assessment on the independence of the External Auditors was carried out in June 2016 and the AC was satisfied with the results of the assessment. Hence, the re-appointment of the External Auditors, Messrs Crowth Horwath for the financial year ending 31 March 2017 was recommended to the Board for approval by the shareholders at the Twenty-First AGM to be held on 25 August 2016.

In ensuring the effectiveness and independence of the External Auditors, the audit partner responsible for the external audit of the Company is subject to rotation at least every five years in accordance with the By-Laws of the Malaysian Institute of Accountants.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

#### *Sound framework to manage risks*

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments. Kindly refer to pages 38 and 39 of the Annual Report on the Statement on Risk Management and Internal Control for more information.

#### *Internal audit function*

The Company outsourced its internal audit function to an independent internal audit service provider who reports directly to the AC. The functions of the Internal Auditors are to assist the AC in providing independent assessment and review on the adequacy, efficiency and effectiveness of the key controls and processes in the operating units, as well as the governance aspect of the Group and to ensure compliance with the established policies and procedures of the Group. The Statement on Risk Management and Internal Control of the Company, which provides the key elements of internal control and risk management of the Group is set out on pages 38 and 39 of this Annual Report.

During the FY2016, the Internal Auditors conducted four audits which include the followings:-

- i. Corrective action plans for intellectual property, MIS, customer services and treasury for the Group;
- ii. Internal control systems for production, inventory and quality control for moon cakes;
- iii. Trade receivable and sales agent/distributor, trade payable and process disposal of moon cake for Haewaytian Cake House Sdn. Bhd. and Haewaytian Food Industries Sdn. Bhd; and
- iv. Corrective action plans for Restoran Tsim Tung Sdn. Bhd. and Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd. in respect of their system of internal controls and work processes.

The Internal Auditors reported to the AC the detailed findings and follow-up reviews on the implementation status of the action plans previously adopted by the management team.

### PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### *Corporate disclosure of policies and procedures*

The Board is committed to provide timely, accurate, adequate and fair disclosure of corporate information to shareholders, investors, stakeholders and the general public. A Corporate Disclosure Policy has been approved and adopted since May 2014 with its objectives to raise awareness to the Board, management, officers and employees on the disclosure requirements and practices, to provide guidance and policies in disseminating of corporate information, to ensure compliance with all legal and regulatory requirements on announcement of material information and financial results; and to build good investor relations with the investing public.



## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE *cont'd*

#### ***Corporate disclosure of policies and procedures cont'd***

In complying with the requirements to disclose all material information under applicable laws and the Listing Requirement in a timely manner, the Company shall adhere to the following basic disclosure principles:-

- i. All material information be announced immediately to Bursa Securities and made available at the Company's website;
- ii. The Company would endeavour to take a consistent approach to materiality;
- iii. Material information may be kept confidential temporarily if the immediate release of the information would be unduly detrimental to the interests of the Company, until it is appropriate to publicly disclose;
- iv. Disclosure must be factual and non-speculative;
- v. Inadvertent disclosures to be disclosed immediately via announcements;
- vi. Unfavourable material information must be disclosed as promptly and completely, consistent to favourable information;
- vii. Disclosure must be corrected immediately if found material error at the time it was originally disclosed;
- viii. The Company does not comment on rumours unless there is significant reaction in the market for the Company's listed securities; and
- ix. All investors must have equal access to material information.

The disclosure procedures are summarised as follows:-

- i. Company Secretary or the appointed merchant banker drafts the announcement;
- ii. All announcements be approved by the Executive Director before release;
- iii. For news and media release through the appointed industrial relations, the Corporate Disclosure Committee is responsible for the correctness of the contents; and
- iv. Once announcements or media releases are made, it will be posted and make available on the Company's website.

#### ***Leverage on information technology for effective dissemination of information***

A dedicated section for corporate information is made available on the Company's website for the shareholders and the general public to access to the Company's financial statements, stock information, annual reports, quarterly results, announcements, as well as the corporate governance practices.

The Company has also created a social network channel via the Company's Facebook account, which allows stakeholders to put up any enquiries with regards to the Group.

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

#### ***Encourage shareholder participation at general meetings***

The Company dispatches notice of AGM and annual report to all shareholders at least twenty one days before the meeting to enable shareholders to go through the Annual Report and to note the resolutions to be passed at the meeting. The explanatory notes which contain the necessary information on the proposed resolutions on special business will enable a member to make an informed decision.

Shareholders are encouraged to participate in the question and answer session during the AGM in order to have a better understanding of the Group's performance and seek clarification of other matters of concern. The Chairman, the Board, External Auditors, Company Secretary and the key management staff are available at the AGM to respond to shareholders' enquiries and provide appropriate clarifications.

The AGM held on 24 August 2015 was well attended by the shareholders and proxies. Shareholders' suggestions and comments received during AGMs are reviewed and considered for implementation, wherever possible.

## STATEMENT OF CORPORATE GOVERNANCE

cont'd

### PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS *cont'd*

#### ***Encourage poll voting at general meetings***

The latest amendments to the Listing Requirement requires all resolutions set out in the notice of general meeting be voted by poll. As such, the Company will make the necessary arrangements to conduct poll voting at the forthcoming Twenty-First AGM for all the proposed resolutions. The poll voting will be conducted electronically for the purpose of determining the outcome of resolutions more efficiently.

The Company will brief the shareholders the proper procedure of poll voting at the commencement of the AGM. A scrutineer, who must be independent of the person undertaking the polling process, will be appointed to validate the votes cast at the general meeting and announce the results of voting.

#### ***Promote effective communication and proactive engagements with shareholders***

The Board recognizes the importance of communicating effectively with shareholders. The Company's AGM is the major event held annually to facilitate face-to-face communications between the Company and its shareholders. The Board is committed to the constructive use of the AGM for the Chairman and Directors to meet with shareholders, to explain to them the performance and the major developments of the Group and listen to their views and to answer their questions. Except for Mr. Koong Lin Loong, all Directors were present at the previous AGM of the Company held on 24 August 2015. All queries raised by the shareholders were properly addressed by the Board.

Other methods of communication with shareholders are through the corporate website, investor briefings, notice of meeting, annual report and public presentations. Shareholders are also encouraged to provide feedback and comments via email at [info@oversea.com.my](mailto:info@oversea.com.my).

### COMPLIANCE WITH BEST PRACTICES

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Group is generally in compliance with the best practices in corporate governance set out in the MCCG 2012 except the followings:-

#### *Recommendation 3.4*

*The positions of Chairman and Group Managing Director should be held by different individuals, and that the Chairman must be a non-executive member of the Board.*

#### *Recommendation 3.5*

*The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director*

The target timeline to comply the abovementioned recommendations is stated on page 27 of this Annual Report.

## AUDIT COMMITTEE REPORT

The Board of Directors (Board) is pleased to present the Audit Committee (AC) Report for the financial year ended 31 March 2016 (FY 2016).

### COMPOSITION

The AC comprises three members, all of whom are Independent Non-Executive Directors, as follows:-

**Koong Lin Loong (Chairman)**

*Independent Non-Executive Director*

*Member of the Malaysian Institute of Accountants*

**Yau Ming Teck**

*Independent Non-Executive Director*

**Chiam Soon Hock**

*Independent Non-Executive Director*

### ATTENDANCE OF MEETINGS

Five AC meetings were held during the FY 2016 and the details of attendance of each member are as follows:-

Name of the AC Members	No. of AC Meetings attended
Koong Lin Loong	4/5
Yau Ming Teck	4/5
Chiam Soon Hock	5/5

The duties and responsibilities as set out in the Terms of Reference are as follows:-

- (a) To recommend the appointment of the External Auditors, their audit fee and any question of their resignation or dismissal to the Directors of the Company;
- (b) To review the suitability of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof;
- (c) To discuss the nature and scope of the audit with the External Auditors before the audit commences;
- (d) To review the financial statements of the Company and the Group before submission to the Board of Directors, focusing particularly on:-
  - i. Public announcements of results and dividend payment;
  - ii. Any changes in accounting policies and practices;
  - iii. Major judgmental areas;
  - iv. Significant adjustments resulting from the audit;
  - v. The going-concern assumptions;
  - vi. Compliance with accounting standards; and
  - vii. Compliance with stock exchange and legal requirements.
- (e) To discuss problems and reservations arising from the interim and final audits and any matters the External or Internal Auditors may wish to discuss (excluding the attendance of other directors and employees of the Company);
- (f) To review the internal audit plan, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

## AUDIT COMMITTEE REPORT

cont'd

### ATTENDANCE OF MEETINGS *cont'd*

The duties and responsibilities as set out in the Terms of Reference are as follows:- *cont'd*

- g) To review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its works;
- h) To review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- i) To review the appraisal or assessment of the performance of the staff of the internal audit function;
- j) To approve any appointment or termination of senior staff of the internal audit function;
- k) To keep under review the effectiveness of the risk management and internal control system and in particular, review External Auditors' management letter and management's response;
- l) To review any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- m) To carry out such other functions and consider other topics, as may be agreed upon by the Board of Directors.

### SUMMARY OF ACTIVITIES

In line with the Terms of Reference of the AC, the following activities were carried out by the AC during the FY 2016, in accordance with its functions and duties:-

#### (a) Internal Audit

- i. Reviewed and approved the annual audit plan presented by the outsourced Internal Auditors to ensure adequate coverage of the operations of the Group;
- ii. Reviewed the adequacy of the scope, function, competency and resources of the Internal Audit function;
- iii. Reviewed the Group's systems and practices for identification and management of risks;
- iv. Reviewed the reports from the Internal Auditors on the state of internal control of the Group, which highlighted on the significant audit findings, recommendations, corrective actions and target implementation dates for the highlighted issues and status update on the issues reported in the previous financial quarters; and
- v. Reviewed and recommended improvements to the existing system of internal controls and risk management system of the Group.

#### (b) Financial Results

- i. Reviewed the quarterly financial results and annual audited financial statements of the Company before recommending the same to the Board for approval; and
- ii. Reviewed the accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

# AUDIT COMMITTEE REPORT

cont'd

## SUMMARY OF ACTIVITIES *cont'd*

### (c) External Audit

- i. Reviewed and approved the Group's Audit Planning Memorandum for the FY2016 to ensure comprehensive coverage of the scope of audit;
- ii. Discussed the audit timeline, scope of work, key audit areas and the proposed audit fees for the Group audit as well as the non-audit fees;
- iii. Reviewed the External Auditors' findings arising from audits, particularly the comments and responses in the management letters; and
- iv. Reviewed the unaudited quarterly financial results and annual audited financial statements of the Group before recommending the same for the Board's approval and release to Bursa Malaysia Securities Berhad and Securities Commission;
- v. Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls;
- vi. Met the External Auditors for two private sessions without the presence of the management staff and the executive Board members on 15 May 2015 and 19 February 2016;
- vii. Reviewed the suitability and independence of the External Auditors and made recommendation on their re-appointment to the Board for approval; and
- viii. Reviewed the declaration of independence by the External Auditors in respect of the audit for the FY 2016.

### (d) Related Party Transactions

- i. Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Group to ensure that the related party transactions were carried out on normal commercial terms; and
- ii. Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature before distributing the same to the shareholders for approval at the Twentieth Annual General Meeting to be held on 24 August 2015.

### (e) Other Activities

- i. Reported to the Board on significant issues discussed at each of the AC meeting;
- ii. Reviewed the Audit Committee Report, Internal Audit function and Statement on Risk Management and Internal Control for the FY 2016 prior to submission of the same to the Board for consideration and inclusion into the Annual Report of the Company; and
- iii. Reviewed the proposed investment to be undertaken by the investment committee.

## INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The Company's internal audit function is outsourced to an independent consultant to assist the AC and the cost incurred for the internal audit function in respect of the FY2016 was amounted to RM48,000. The Internal Auditors conduct independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors reports directly to the AC and assists the Board in monitoring the internal controls and mitigate the risks of the Group.

## AUDIT COMMITTEE REPORT

cont'd

### INTERNAL AUDIT FUNCTION *cont'd*

The scope of the internal audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the internal audit for the FY2016 are summarised as follows:-

- i. Ascertained the extent of compliance with established policies, procedures and statutory requirements;
- ii. Conducted review of business processes, which covered reviews of the internal control system and follow up audits to address observations reported in preceding internal audit visits;
- iii. Carried out special reviews requested by the AC and the senior management staff;
- iv. Assessed the means of safeguarding assets and verified their existence; and
- v. Tabled the internal audit plan for each financial year to the AC for approval. Presented internal audit findings and made appropriate recommendations on any areas of concern within the Company and the Group for the AC's deliberation and to enhance efficiencies to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

For the FY2016, a total of four audit reports were issued and presented to the AC with the recommended corrective actions acted upon. The audits conducted by the Internal Auditors include the followings:-

- i. Corrective action plans for intellectual property, MIS, customer services and treasury for the Group;
- ii. Internal control systems for production, inventory and quality control for moon cakes;
- iii. Trade receivable and sales agent/distributor, trade payable and process disposal of moon cake for Haewaytian Cake House Sdn. Bhd. and Haewaytian Food Industries Sdn. Bhd.; and
- iv. Corrective action plans for the Company, Restoran Tsim Tung Sdn. Bhd. and Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.

The AC and the Board were satisfied with the performance of the Internal Auditors for the FY2016 and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsource of the internal audit function.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), the Board of Directors is pleased to provide the following statement on the state of risk management and internal control of the Group, which had been prepared in accordance with the “Statement of Risk Management and Internal Control: Guidance for Directors of Public Listed Companies” (the “Risk Management and Internal Control Guidance”).

### BOARD RESPONSIBILITY

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Group’s risk management and internal control system. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The system of risk management and internal control covers finance, operations, management information systems and compliance with relevant laws, regulations, policies and procedures. There is an ongoing process to identify, evaluate and manage significant risk faced or potentially to be encountered by the Group. The process is regularly reviewed by the Board.

Due to the limitations that are inherent in any system of internal controls, these systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable and not absolute assurance against material misstatement or loss.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control risks, are operated with the assistance of management throughout the period. The Board has received assurance from the Group Managing Director and the Deputy Group General Manager that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The key features of the risk management and internal control systems are described under the following headings:-

### KEY ELEMENTS OF INTERNAL CONTROL

The Group has an established system of internal controls that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. The control structure and environment are supported by the following activities:-

- (a) An organization structure with clearly defined lines of responsibility, authority and accountability;
- (b) Documented internal policies, guidelines, procedures and manuals, which are updated from time to time;
- (c) Regular Board and management meetings where information is provided to the Board and management covering financial performance and operation;
- (d) Quarterly review of financial results by the Board and Audit Committee;
- (e) Regular training and development programs attended by employees with the objective of enhancing their knowledge and competency;
- (f) Existence of risk management team to enhance its risk management practice; and
- (g) Ongoing reviews on the system of internal controls by an independent internal audit function. Results of such reviews are reported to the Audit Committee, which in turn reports to the Board.

In addition, the Executive Directors have day-to-day involvement with the business and are responsible for monitoring risks affecting the business and control activities. These are supplemented by comprehensive and independent reviews undertaken by the internal audit function on the controls in operation in each individual business. The Internal Auditors independently report to the Audit Committee on the outcome and findings from their reviews.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## KEY ELEMENTS OF INTERNAL CONTROL *cont'd*

### Risk Management Process

The Board regards risk management as an integral part of business operations. For the year under review, the Risk Management team comprises senior management team from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The risk management team has identified and reviewed the major business risk factors affecting the Group and derive risk management strategies to manage and mitigate the risks identified. The following factors were considered in the risk assessment:

- (a) The nature and extent of risks facing the Group;
- (b) The extent and categories of risk which it regards as acceptable for the Group to bear;
- (c) The likelihood of the risks concerned materializing; and
- (d) The Group's ability to reduce the incidence of risks that may materialise and their impact on the business.

### INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function to a professional firm of consultants to support its internal audit function to provide much of the assurance required regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal controls. Internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. The internal audit plan was presented to and approved by the Audit Committee. Periodic internal audit review is carried out and the audit findings are presented to the Audit Committee via internal audit reports whilst Management formulates action plans to address issues noted from internal audit to improve the system of internal controls. The internal control systems will continue to be reviewed, added on or updated in line with changes in the operating environment.

Based on the Internal Auditors' report for the financial year ended 31 March 2016, there is a reasonable assurance that the Group's system of internal controls is generally adequate. Nevertheless, the internal control systems will continue to be reviewed, added on or updated in line with changes in the operating environment.

The costs incurred for the internal audit function for the financial year ended 31 March 2016 were RM48,000.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually incorrect.

### CONCLUSION

The Board having considered all audit findings is of the opinion that the Group's system of internal controls and risk management is adequate and accords with the guidance provided by the "Risk Management and Internal Control Guidance". The Management will endeavour to take the necessary measures to strengthen the control environment within the Group.

This statement was made in accordance with a Board of Directors' resolution dated 22 July 2016.



## OTHER COMPLIANCE INFORMATION

### 1. NON-AUDIT FEES

The non-audit fees paid/payable to the External Auditors and its affiliates for the financial year ended 31 March 2016 amounted to RM4,000.

### 2. SHARE BUY-BACK

There was no share buy-back during the financial year ended 31 March 2016. As at 31 March 2016, the number of treasury shares held was 4,047,100. No treasury shares were cancelled during the financial year ended 31 March 2016.

### 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries which involved Directors and major shareholders' interest either still subsisting at the end of the financial year ended 31 March 2016 or entered into since the end of the previous financial year of the Company that have not been reflected in the financial statement for the year ended 31 March 2016.

## DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:-

- i. adopted suitable accounting policies and applying them consistently;
- ii. made judgments and estimates that are prudent and reasonable;
- iii. ensured applicable accounting standards have been followed; and
- iv. prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors of Oversea Enterprise Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(3,085,036)	(896,198)
Attributable to:-		
Owners of the Company	(3,085,036)	(896,198)

### DIVIDENDS

Since the end of the previous financial year, the Company paid a single tier interim dividend of 0.3 sen per ordinary share amounting to RM722,859 in respect of the financial year ended 31 March 2016.

The directors do not recommend the payment of any final dividend for the current financial year.

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### TREASURY SHARES

During the financial year, there were no treasury shares being purchased, sold or cancelled by the Company. As at 31 March 2016, the Company held as treasury shares a total of 4,047,100 (2015 - 4,047,100) of its 245,000,000 (2015 - 245,000,000) issued and paid-up ordinary shares. The treasury shares amounting to RM867,063 (2015 - RM867,063) at the end of the reporting period are held in accordance with the requirement of Section 67A of the Companies Act 1965 and presented as a deduction from equity. The details are disclosed in Note 23 to the financial statements.

## DIRECTORS' REPORT

cont'd

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

### CHANGE OF CIRCUMSTANCES

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

## DIRECTORS' REPORT

cont'd

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

### DIRECTORS

The directors who served since the date of the last report are as follows:-

Yu Soo Chye @ Yee Soo Chye  
 Lee Pek Yoke  
 Khong Yik Kam  
 Lee Seng Fan  
 Yau Ming Teck  
 Chiam Soon Hock  
 Koong Lin Loong  
 Yu Tack Tein  
 Yu Suat Yin (Alternate Director to Lee Pek Yoke)

### DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.20 Each			At 31.3.2016
	At 1.4.2015	Bought	Sold	
<i>Direct Interests in the Company</i>				
Yu Soo Chye @ Yee Soo Chye	82,744,270	-	-	82,744,270
Lee Pek Yoke	20,460,593	-	-	20,460,593
Khong Yik Kam	9,256,338	-	(3,000,000)	6,256,338
Lee Seng Fan	5,868,496	-	-	5,868,496
Chiam Soon Hock	100,000	-	-	100,000
Koong Lin Loong	100,000	-	-	100,000
Yu Tack Tein	600,033	-	(600,033)	-
Yu Suat Yin	163,333	-	-	163,333
<i>Indirect Interests in the Company</i>				
Khong Yik Kam ^	1,350,000	100,000	-	1,450,000
Lee Seng Fan #	50,917,358	-	-	50,917,358
Yu Tack Tein @	-	600,033	-	600,033
Yu Suat Yin *	10,000	-	-	10,000

Notes:-

^ - Deemed interested by virtue of his substantial shareholding and directorship in Rung Juang Realty Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act 1965.

## DIRECTORS' REPORT

cont'd

### DIRECTORS' INTERESTS *cont'd*

Notes:-

- # - *Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company and his spouse's shareholding in the Company pursuant to Section 134(12)(c) of the Companies Act 1965.*
- @ - *Deemed interested by virtue of his substantial shareholding and directorship in Simple Angel Capital Sdn Bhd pursuant to Section 6A of the Companies Act 1965.*
- \* - *Deemed interested by virtue of her spouse's shareholding in the Company pursuant to Section 134(12)(c) of the Companies Act 1965.*

By virtue of their shareholdings in the Company, Yu Soo Chye @ Yee Soo Chye and Lee Seng Fan are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the 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 for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 41 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 43 to the financial statements.

### AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 22 July 2016.

Yu Soo Chye @ Yee Soo Chye

Khong Yik Kam

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Yu Soo Chye @ Yee Soo Chye and Khong Yik Kam, being two of the directors of Oversea Enterprise Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 March 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 44, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 22 July 2016.

**Yu Soo Chye @ Yee Soo Chye**

**Khong Yik Kam**

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Yu Soo Chye @ Yee Soo Chye, I/C No. 450307-08-5175, being the director primarily responsible for the financial management of Oversea Enterprise Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 116 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Yu Soo Chye @ Yee Soo Chye, I/C No. 450307-08-5175  
at Kuala Lumpur in the Federal Territory  
on this 22 July 2016

**Yu Soo Chye @ Yee Soo Chye**

Before me

**Datin Hajah Raihela Wanchik (W-275)**  
Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF OVERSEA ENTERPRISE BERHAD

(Incorporated in Malaysia) Company No: 317155 - U

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Oversea Enterprise Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 116.

#### ***Directors' Responsibility for the Financial Statements***

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF OVERSEA ENTERPRISE BERHAD**

(Incorporated in Malaysia) Company No: 317155 - U  
cont'd

### **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 44 on page 117 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 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

**Chin Kit Seong**  
Approval No: 3030/01/17 (J)  
Chartered Accountant

22 July 2016  
Kuala Lumpur

## STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2016

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	43,629,805	45,829,805
Investments in associates	6	20,000	841,179	-	-
Investment in joint venture	7	-	1	-	-
Property, plant and equipment	8	48,039,631	26,560,705	278,951	320,634
Investment properties	9	2,450,000	1,771,500	-	-
Other investments	10	372,460	213,635	-	-
Intangible asset	11	87,488	135,389	-	-
Long-term receivables	12	121,324	138,297	-	-
Deferred tax assets	13	342,726	318,353	-	-
		51,433,629	29,979,059	43,908,756	46,150,439
<b>CURRENT ASSETS</b>					
Inventories	14	4,171,983	4,043,008	-	-
Trade receivables	15	382,969	560,524	-	-
Other receivables, deposits and prepayments	16	3,045,481	2,677,098	133,407	166,034
Amount owing by subsidiaries	17	-	-	9,247,730	9,250,821
Amount owing by an associate	18	-	1,774,300	-	-
Amount owing by joint venture	19	-	944,597	-	-
Current tax asset		247,165	208,980	3,830	-
Short-term investment with financial institutions	20	232,520	-	-	-
Deposits with licensed banks	21	12,472,312	12,983,324	603,902	1,095,667
Cash and bank balances		3,798,399	5,289,102	181,529	91,343
		24,350,829	28,480,933	10,170,398	10,603,865
<b>TOTAL ASSETS</b>		<b>75,784,458</b>	<b>58,459,992</b>	<b>54,079,154</b>	<b>56,754,304</b>

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

# STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2016

cont'd

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	22	49,000,000	49,000,000	49,000,000	49,000,000
Treasury shares	23	(867,063)	(867,063)	(867,063)	(867,063)
Reserves	24	14,814,285	935,964	(105,163)	1,513,894
Equity attributable to owners of the Company		62,947,222	49,068,901	48,027,774	49,646,831
Non-controlling interest		-	(161,478)	-	-
<b>TOTAL EQUITY</b>		62,947,222	48,907,423	48,027,774	49,646,831
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	25	1,136,224	1,177,015	-	-
Deferred tax liabilities	13	6,103,052	1,075,637	-	-
		7,239,276	2,252,652	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	28	3,196,389	4,479,630	-	-
Other payables and accruals		2,309,120	2,328,707	169,085	246,475
Amount owing to subsidiaries	17	-	-	5,882,295	6,850,880
Short-term borrowings	29	43,751	433,081	-	-
Current tax liability		48,700	58,499	-	10,118
		5,597,960	7,299,917	6,051,380	7,107,473
<b>TOTAL LIABILITIES</b>		12,837,236	9,552,569	6,051,380	7,107,473
<b>TOTAL EQUITY AND LIABILITIES</b>		75,784,458	58,459,992	54,079,154	56,754,304

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
REVENUE	30	61,056,100	62,370,508	750,000	2,500,000
COST OF SALES		(24,430,216)	(25,317,648)	-	-
GROSS PROFIT		36,625,884	37,052,860	750,000	2,500,000
OTHER INCOME		4,970,858	5,067,295	1,100,505	150,168
		41,596,742	42,120,155	1,850,505	2,650,168
SELLING AND DISTRIBUTION EXPENSES		(30,531,506)	(26,934,479)	(76,282)	(123,200)
ADMINISTRATIVE EXPENSES		(12,977,902)	(12,883,847)	(2,649,708)	(856,532)
FINANCE COSTS		(71,432)	(90,163)	-	-
SHARE OF RESULT IN AN ASSOCIATE, NET OF TAX	6	(179,298)	(13,264)	-	-
SHARE OF RESULT IN JOINT VENTURE, NET OF TAX	7	-	(473,893)	-	-
(LOSS)/PROFIT BEFORE TAXATION	31	(2,163,396)	1,724,509	(875,485)	1,670,436
INCOME TAX EXPENSE	32	(921,640)	(1,183,325)	(20,713)	(43,974)
(LOSS)/PROFIT AFTER TAXATION		(3,085,036)	541,184	(896,198)	1,626,462
OTHER COMPREHENSIVE INCOME	33				
<u>Items that Will be Reclassified Subsequently to Profit or Loss:</u>					
- loss on fair value changes of available-for- sale financial assets		(54,497)	(42,545)	-	-
- transfer to profit or loss upon disposal of available-for-sale financial assets		65,722	-	-	-
- foreign currency translation differences		(156,027)	(20,169)	-	-
<u>Item that Will Not be Reclassified Subsequently to Profit or Loss:</u>					
- revaluation properties		18,347,641	-	-	-
		18,202,839	(62,714)	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		15,117,803	478,470	(896,198)	1,626,462
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(3,085,036)	592,391	(896,198)	1,626,462
Non-controlling interest		-	(51,207)	-	-
		(3,085,036)	541,184	(896,198)	1,626,462
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		15,117,803	529,677	(896,198)	1,626,462
Non-controlling interest		-	(51,207)	-	-
		15,117,803	478,470	(896,198)	1,626,462
(LOSS)/EARNINGS PER SHARE (SEN):	34				
- Basic		(1.28)	0.24	-	-
- Diluted		(1.28)	(0.24)	-	-

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The Group	Note	← Non-Distributable →				Distributable		Attributable to Owners of the Company	Non-controlling Interest	Total Equity
		Share Capital	Treasury Share	Share Premium	Fair Value Reserve	Foreign Exchange Translation Reserve	Retained Profits/ (Accumulated Losses)			
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.4.2014		49,000,000	-	1,038,157	33,342	(4,301)	796,950	50,864,148	(110,271)	50,753,877
Profit after taxation		-	-	-	-	-	592,391	592,391	(51,207)	541,184
Other comprehensive income/(expenses):										
- loss on fair value changes of available-for-sale financial assets		-	-	-	(42,545)	-	-	(42,545)	-	(42,545)
- foreign currency translation		-	-	-	-	(20,169)	-	(20,169)	-	(20,169)
Total comprehensive income/(expense) for the financial year		-	-	-	(42,545)	(20,169)	592,391	529,677	(51,207)	478,470
Transactions with owners of the Company:										
- treasury shares acquired	23	-	(867,063)	-	-	-	-	(867,063)	-	(867,063)
- dividends paid	35	-	-	-	-	-	(1,457,861)	(1,457,861)	-	(1,457,861)
Total transactions with owners of the Company		-	(867,063)	-	-	-	(1,457,861)	(2,324,924)	-	(2,324,924)
Balance at 31.3.2015		49,000,000	(867,063)	1,038,157	(9,203)	(24,470)	(68,520)	49,068,901	(161,478)	48,907,423

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

The Group	Note	← Non-Distributable →					Distributable					Total Equity RM
		Share Capital RM	Treasury Share RM	Share Premium RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Retained Profits/ (Accumulated Losses) RM	Attributable To Owners Of The Company RM	Non-Controlling Interest RM		
Balance at 1.4.2015		49,000,000	(867,063)	1,038,157	(9,203)	(24,470)	-	(68,520)	49,068,901	(161,478)	48,907,423	
Loss after taxation		-	-	-	-	-	-	(3,085,036)	(3,085,036)	-	(3,085,036)	
Other comprehensive income/(expenses):												
- loss on fair value changes of available for-sale financial assets		-	-	-	(54,497)	-	-	-	(54,497)	-	(54,497)	
- transfer to profit or loss upon disposal of available-for-sale financial assets		-	-	-	65,722	-	-	-	65,722	-	65,722	
- foreign currency translation differences		-	-	-	-	(156,027)	-	-	(156,027)	-	(156,027)	
- revaluation surplus from valuation of properties		-	-	-	-	-	18,347,641	-	18,347,641	-	18,347,641	
Total comprehensive income/(expense) for the financial year		-	-	-	11,225	(156,027)	18,347,641	(3,085,036)	15,117,803	-	15,117,803	
Transactions with owners of the Company:												
- changes in ownership interests in subsidiaries that do not result in loss of control	36.2	-	-	-	-	-	-	(161,480)	(161,480)	161,478	(2)	
- arising from acquisition of shares in jointly controlled entity	36	-	-	-	-	-	-	(355,143)	(355,143)	-	(355,143)	
- dividends paid	35	-	-	-	-	-	-	(722,859)	(722,859)	-	(722,859)	
Total transactions with owners of the Company		-	-	-	-	-	-	(1,239,482)	(1,239,482)	161,478	(1,078,004)	
Balance at 31.3.2016		49,000,000	(867,063)	1,038,157	2,022	(180,497)	18,347,641	(4,393,038)	62,947,222	-	62,947,222	

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

The Company	Note	Share Capital RM	Treasury Shares RM	Non- Distributable	Distributable	Total Equity RM
				Share Premium RM	Retained Profits/ (Accumulated Losses) RM	
Balance at 1.4.2014		49,000,000	-	1,038,157	307,136	50,345,293
Profit after taxation/Total comprehensive income for the financial year		-	-	-	1,626,462	1,626,462
Transaction with owners of the Company:						
- treasury shares acquired	23	-	(867,063)	-	-	(867,063)
- dividends paid	35	-	-	-	(1,457,861)	(1,457,861)
Total transactions with owners of the Company		-	(867,063)	-	(1,457,861)	(2,324,924)
Balance at 31.3.2015/1.4.2015		49,000,000	(867,063)	1,038,157	475,737	49,646,831
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(896,198)	(896,198)
Transaction with owners of the Company:						
- dividends paid	35	-	-	-	(722,859)	(722,859)
Total transaction with owners of the Company		-	-	-	(722,859)	(722,859)
Balance at 31.3.2016		49,000,000	(867,063)	1,038,157	(1,143,320)	48,027,774

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation	(2,163,396)	1,724,509	(875,485)	1,670,436
Adjustments for:-				
Amortisation of intangible asset	54,251	51,086	-	-
Bad debts written off:				
- other receivables	15,705	-	-	-
Depreciation of property, plant and equipment	2,603,321	2,585,750	65,398	63,206
Impairment loss:				
- investments in subsidiaries	-	-	2,200,000	-
- investments in associate	661,881	-	-	-
- amount owing by an associate	1,924,300	-	-	-
- trade receivables	85,893	-	-	-
Interest expense	71,710	90,163	-	-
Property, plant and equipment written off	943,647	656,891	-	154,102
Share of loss in an associate, net of income tax expense	179,298	13,264	-	-
Share of loss in joint venture, net of income tax expense	-	473,893	-	-
Dividend income	-	-	(750,000)	(2,500,000)
Accretion of long-term receivables	(13,874)	(12,933)	-	-
Fair value gain on investment properties	(873,500)	-	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	-	(21,653)	-	-
- other investments	365,476	-	-	-
Interest income	(385,034)	(468,739)	(27,705)	(35,568)
Writeback of impairment loss on amount owing by subsidiaries	-	-	(965,000)	-
Operating profit/(loss) before working capital changes	3,469,678	5,092,231	(352,792)	(647,824)
Increase in inventories	(128,975)	(556,834)	-	-
(Increase)/decrease in trade and other receivables	(159,382)	179,550	(37,022)	(32,577)
(Decrease)/increase in trade and other payables	(1,311,487)	951,009	(77,390)	78,997
<b>CASH FROM/(FOR) OPERATIONS</b>	1,869,834	5,665,956	(467,204)	(601,404)
Income tax paid	(918,936)	(1,814,848)	(34,661)	(22,757)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD</b>	950,898	3,851,108	(501,865)	(624,161)

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



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016  
cont'd

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		950,898	3,851,108	(501,865)	(624,161)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from subsidiaries		-	-	1,037,740	166,648
Dividend received		-	-	750,000	2,500,000
Interest received		385,034	468,739	27,705	35,568
Net cash inflow from acquisition of subsidiaries	36.1	36,232	-	-	-
Additional investments in subsidiaries	36.2	(2)	-	-	-
Investment in an associate		(20,000)	-	-	-
Advances to jointly controlled entity		-	(944,597)	-	-
Advances to joint venture		(94,625)	-	-	-
Advances to associate		(150,000)	(1,774,300)	-	-
Placement of deposits pledged with licensed banks		(10,642)	(192,538)	-	-
Placement of deposits with maturity periods more than three months		(885,090)	(3,364,910)	-	-
Proceeds from disposal of:					
- investment properties		195,000	-	-	-
- property, plant and equipment		1	27,060	-	-
- other investments		2,206,164	-	-	-
Purchase of property, plant and equipment		(1,098,886)	(3,811,639)	(23,715)	(177,868)
Payment for intangible asset		(6,350)	(64,346)	-	-
Purchase of other investments		(2,719,240)	-	-	-
Purchase of treasury shares		-	(867,063)	-	(867,063)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,162,404)	(10,523,594)	1,791,730	1,657,285
BALANCE CARRIED FORWARD		(1,211,506)	(6,672,486)	1,289,865	1,033,124

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016  
cont'd

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
BALANCE BROUGHT FORWARD		(1,211,506)	(6,672,486)	1,289,865	1,033,124
CASH FLOWS FOR FINANCING ACTIVITIES					
(Repayment)/Advances from subsidiaries		-	-	(968,585)	961,085
Dividends paid		(722,859)	(1,457,861)	(722,859)	(1,457,861)
Interest paid		(71,710)	(90,163)	-	-
Repayment of hire purchase obligations		(21,767)	(29,313)	-	-
Drawdown of term loans		-	1,232,000	-	-
Repayment of term loans		(408,354)	(417,003)	-	-
NET CASH FOR FINANCING ACTIVITIES		(1,224,690)	(762,340)	(1,691,444)	(496,776)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,436,196)	(7,434,826)	(401,579)	536,348
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(228,731)	(20,168)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		14,491,709	21,946,703	1,187,010	650,662
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	11,826,782	14,491,709	785,431	1,187,010

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business, are at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 July 2016.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 3. BASIS OF PREPARATION *cont'd*

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (*cont'd*)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
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 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.1 Critical Accounting Estimates and Judgements *cont'd*

##### (c) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

##### (d) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

##### (e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### (f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

##### (g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

##### (h) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.1 Critical Accounting Estimates and Judgements *cont'd*

##### (i) Classification between Investment Properties and Owner-Occupied Properties

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 accounts 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.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

##### (j) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

#### 4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.2 Basis of Consolidation *cont'd*

#### (a) Business Combinations *cont'd*

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

#### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

#### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly venture.

### 4.3 Functional and Foreign Currencies

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.3 Functional and Foreign Currencies *cont'd*

##### (b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the transaction of available-for-sale equity instruments which are recognised in other comprehensive income.

##### (c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

#### 4.4 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of investments includes transaction costs.

On the disposal of the investments in subsidiaries the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.5 Investments In Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of the investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

#### 4.6 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the joint venture made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.6 Joint Arrangements *cont'd*

When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

#### 4.7 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables financial assets or available-for-sale financial assets, as appropriate.

##### (i) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.7 Financial Instruments *cont'd*

##### (a) Financial Assets *cont'd*

###### (i) *Financial Assets at Fair Value Through Profit or Loss (cont'd)*

Financial asset at fair value through profit or loss could be presented as current or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

###### (ii) *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after reporting date which are classified as current assets.

###### (iii) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loan and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

###### (iv) *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.7 Financial Instruments *cont'd*

##### (b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

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

##### (c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.7 Financial Instruments *cont'd*

##### (e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when 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.

#### 4.8 Property, Plant and Equipment

Property, plant and equipment, other than land and buildings are stated at cost less accumulated depreciation and impairment losses, if any.

The Group changes their accounting policy for property from cost model to revaluation model during the current financial year.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Leasehold land and buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Long leasehold land	Over the lease periods
Buildings	2%
Plant and machinery	20%
Motor vehicles	20%
Renovation, furniture and fittings	10 - 20%
Equipment and electrical installation	10 - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.8 Property, Plant and Equipment *cont'd*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

#### 4.9 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

#### 4.10 Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.10 Intangible Assets *cont'd*

#### (a) Trademarks

The purchased trademarks are stated at cost less accumulated amortisation and impairment losses, if any. The trademarks are amortised over their remaining useful lives. In the event that the expected future economic benefits are no longer probable of being recovered, the trademarks are written down to their recoverable amounts.

### 4.11 Impairment

#### (a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

#### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.11 Impairment *cont'd*

##### (b) Impairment of Non-Financial Assets *cont'd*

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 4.12 Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

#### 4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price, production costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of production and the estimated costs necessary to make the sale.

#### 4.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

#### 4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4.16 Employee Benefits

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.16 Employee Benefits *cont'd*

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.17 Borrowing Costs

Borrowing costs that directly attributable to the acquisition and construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

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

#### 4.18 Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.18 Income Taxes *cont'd*

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### 4.19 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

#### 4.20 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

## 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 4.21 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.22 Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 4.23 Fair Value Measurements

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### 4.24 Revenue and Other Income

#### (a) Sale of Food and Beverage

Revenue is measured at fair value of consideration received or receivable and is recognised upon delivery of food and beverage and customers' acceptance, and where applicable, net of goods and service tax, cash and trade discounts.

#### (b) Service Fee Income

Service fee income represents service charge to customers at the Group's restaurants and is recognised at the point of sales.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 4.24 Revenue and Other Income *cont'd*

**(c) Sale of Goods**

Revenue is measured at fair value of consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of return, cash and trade discounts.

**(d) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

**(e) Rental Income**

Rental income is accounted for on a straight-line method over the lease term unless collectability is in doubt.

**(f) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016 RM	2015 RM
Unquoted shares, at cost	47,109,805	47,109,805
Accumulated impairment losses	(3,480,000)	(1,280,000)
	43,629,805	45,829,805
Accumulated impairment losses:-		
At 1 April	(1,280,000)	(1,280,000)
Addition during the financial year	(2,200,000)	-
At 31 March	(3,480,000)	(1,280,000)

During the financial year, the Group:-

- (i) increased its effective equity interest in Rich Tastes (Centrepont) Sdn. Bhd. ("RTCSB") through the acquisition of the remaining equity from non-controlling interest for a cash consideration of RM2. Consequently, RTCSB became a wholly-owned subsidiary of Restoran Oversea JV (International) Sdn. Bhd. ("OJV"). The details and effects of this acquisition are disclosed in Note 36 to the financial statements; and
- (ii) increased its effective equity interest in Tunas Citarasa Sdn. Bhd. ("TCSB") through the acquisition of the remaining equity from joint venture partners for a cash consideration of RM1. Consequently, TCSB became a wholly-owned subsidiary of OJV. The details and effects of this acquisition are disclosed in Note 36 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 5. INVESTMENTS IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016 %	2015 %	
Restoran Oversea (Imbi) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (P.J.) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Subang Parade) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Oversea Training Academy Sdn. Bhd	Malaysia	100	100	Training provider.
Haewaytian Restaurant Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Tsim Tung Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Haewaytian Cake House Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.
Haewaytian Food Industries Sdn. Bhd.	Malaysia	100	100	Distributor of food products.
Restoran Oversea Confectioneries Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.
Tenshou International Sdn. Bhd.	Malaysia	100	100	Retailer of foodstuff.
Haewaytian Trading Sdn. Bhd.	Malaysia	100	100	Distributing general products.
Restoran Oversea Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding.
Restoran Oversea JV (International) Sdn. Bhd.	Malaysia	100	100	Investment holding.
Ipoh Group Limited # *	Hong Kong	100	100	Restaurant and cafe operator.
Restoran Oversea Hong Kong Cafe Sdn. Bhd. *^	Malaysia	100	100	Dormant.
Taiwan Haewaytian Limited # *	Taiwan	100	100	Bakery and café operator.
Rich Tastes (Centrepoint) Sdn. Bhd. ^*	Malaysia	100	65	Dormant.
Tunas Citarasa Sdn. Bhd. ^*	Malaysia	100	-	Dormant.

Notes:-

^ - The subsidiary has ceased its business operations.

# - Not audited by Messrs. Crowe Horwath.

\* - Held through Restoran Oversea JV (International) Sdn. Bhd.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 5. INVESTMENTS IN SUBSIDIARIES *cont'd*

#### 5.1 IMPAIRMENT LOSS FOR INVESTMENTS IN SUBSIDIARIES

During the financial year, the Group assessed the recoverable amount of the investments in certain subsidiaries that were operating at a loss. The impairment loss on investments in subsidiaries was recognised in "Administrative Expenses" line item of the statement of profit or loss and other comprehensive income during the financial year, as the recoverable amount was lower than its carrying amount as follows:-

	The Company	
	2016	2015
	RM	RM
Restoran Oversea JV (International) Sdn. Bhd.	2,200,000	-

### 6. INVESTMENTS IN ASSOCIATES

	The Group	
	2016	2015
	RM	RM
Unquoted shares, at cost	918,820	898,820
Share of post-acquisition losses	(236,939)	(57,641)
	681,881	841,179
Accumulated impairment losses	(661,881)	-
	20,000	841,179
Accumulated impairment losses:-		
At 1 April	-	-
Addition during the financial year	(661,881)	-
At 31 March	(661,881)	-

The details of associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016	2015	
		%	%	
Burger Foundry Australia Pty. Ltd.	Australia	30.1	30.1	Restaurant operator.
Santaidimsum Sdn Bhd	Malaysia	20.0	-	Dormant.

The statutory financial year end of Burger Foundry Australia Pty. Ltd. is 30 June 2016. The share of results in the associate is based on the unaudited financial statements for the 12 months ended 31 March 2016. Full impairment loss has been recognised in "Administrative Expenses" line item of the statement of profit or loss and other comprehensive income during the financial year as the associate was operating at a loss.

Santaidimsum Sdn Bhd was incorporated during the financial year and did not commence business operations since incorporation. Hence, the results of this associate have not been equity accounted as the amount involved is insignificant to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 6. INVESTMENTS IN ASSOCIATES *cont'd*

The summarised unaudited financial information for the associate that is material to the Group is as follows:-

	<b>Burger Foundry Australia Pty. Ltd.</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<u>At 31 March</u>		
Non-current assets	2,342,740	2,503,723
Current assets	630,723	2,815,121
Current liabilities	(3,772,507)	(2,614,804)
Net (liabilities)/assets	(799,044)	2,704,040
<u>Financial Year Ended 31 March</u>		
Revenue	4,228,589	3,137,816
Loss after taxation/Total comprehensive expenses for the financial year	(595,678)	(125,206)
Group's share of loss after taxation/Total comprehensive expenses for the financial year	(179,298)	(13,264)
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets	669,902	849,200
Bargain purchase	(8,021)	(8,021)
Accumulated impairment losses	661,881	841,179
Carrying amount of the Group's interests in this associate	-	841,179

### 7. INVESTMENT IN JOINT VENTURE

	<b>The Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	-	675,750
Share of post-acquisition loss	-	(675,749)
	-	1

The details of the jointly controlled entity are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activity
		2016	2015	
Tunas Citarasa Sdn. Bhd.	Malaysia	-	51%	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

## 8. PROPERTY, PLANT AND EQUIPMENT

The Group	At	Acquisition		Disposals	Write-offs	Foreign Exchange Differences	Depreciation Charge	At
	1.4.2015	of A	Subsidiary					Revaluation
	RM	RM	(Note 36.1)	RM	RM	RM	RM	RM
<b>2016</b>								
<i>Net Book Value</i>								
Freehold land	2,618,988	-	-	-	-	-	-	5,860,000
Freehold buildings	6,205,743	-	-	-	-	-	(139,753)	7,290,000
Long leasehold land	2,564,335	-	-	-	-	-	(34,526)	15,265,177
Long leasehold buildings	7,042,189	-	-	-	-	-	(88,357)	13,084,823
Plant and machinery	1,010,024	242,656	-	-	-	-	(414,608)	838,072
Motor vehicles	788,076	-	-	(1)	-	-	(242,840)	545,235
Renovation, furniture and fittings	3,822,067	426,242	324,639	-	(580,751)	-	(998,381)	2,993,816
Equipment and electrical installation	2,509,283	429,988	229,671	-	(362,896)	41,318	(684,856)	2,162,508
	26,560,705	1,098,886	554,310	(1)	(943,647)	41,318	(2,603,321)	48,039,631



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At 1.4.2014 RM	Additions RM	Disposals RM	Write-offs RM	Depreciation Charge RM	At 31.3.2015 RM
<b>2015</b>						
<i>Net Book Value</i>						
Freehold land	2,618,988	-	-	-	-	2,618,988
Freehold buildings	6,345,498	-	-	-	(139,755)	6,205,743
Long leasehold land	2,598,863	-	-	-	(34,528)	2,564,335
Long leasehold buildings	5,193,037	1,933,431	-	-	(84,279)	7,042,189
Plant and machinery	810,626	545,413	(1)	-	(346,014)	1,010,024
Motor vehicles	963,953	93,854	-	-	(269,731)	788,076
Renovation, furniture and fittings	4,947,178	326,170	-	(391,778)	(1,059,503)	3,822,067
Equipment and electrical installation	2,518,971	912,771	(5,406)	(265,113)	(651,940)	2,509,283
	25,997,114	3,811,639	(5,407)	(656,891)	(2,585,750)	26,560,705

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At Cost RM	At Valuation RM	Accumulated Depreciation RM	Net Book Value RM
<b>2016</b>				
Freehold land	-	5,860,000	-	5,860,000
Freehold buildings	-	8,211,752	(921,752)	7,290,000
Long leasehold land	-	15,589,828	(324,651)	15,265,177
Long leasehold buildings	-	13,591,905	(507,082)	13,084,823
Plant and machinery	8,783,479	-	(7,945,407)	838,072
Motor vehicles	3,169,337	-	(2,624,102)	545,235
Renovation, furniture and fittings	18,045,822	-	(15,052,006)	2,993,816
Equipment and electrical installation	12,216,480	-	(10,053,972)	2,162,508
	42,215,118	43,253,485	(37,428,972)	48,039,631
<b>2015</b>				
Freehold land	2,618,988	-	-	2,618,988
Freehold buildings	6,987,742	-	(781,999)	6,205,743
Long leasehold land	2,854,460	-	(290,125)	2,564,335
Long leasehold buildings	7,460,914	-	(418,725)	7,042,189
Plant and machinery	8,540,823	-	(7,530,799)	1,010,024
Motor vehicles	3,217,109	-	(2,429,033)	788,076
Renovation, furniture and fittings	18,025,558	-	(14,203,491)	3,822,067
Equipment and electrical installation	11,867,896	-	(9,358,613)	2,509,283
	61,573,490	-	(35,012,785)	26,560,705
	<b>At 1.4.2015</b>	<b>Additions</b>	<b>Depreciation Charge</b>	<b>At 31.3.2016</b>
<b>The Company</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2016</b>				
<i>Net Book Value</i>				
Renovation, furniture and fittings	142,424	-	(14,624)	127,800
Equipment and electrical installation	178,210	23,715	(50,774)	151,151
	320,634	23,715	(65,398)	278,951

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Company	At 1.4.2014 RM	Additions RM	Write-offs RM	Depreciation Charge RM	At 31.3.2015 RM
<b>2015</b>					
<i>Net Book Value</i>					
Renovation, furniture and fittings	126,808	132,884	(103,170)	(14,098)	142,424
Equipment and electrical installation	233,266	44,984	(50,932)	(49,108)	178,210
	360,074	177,868	(154,102)	(63,206)	320,634

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
<b>2016</b>			
Renovation, furniture and fittings	146,239	(18,439)	127,800
Equipment and electrical installation	271,984	(120,833)	151,151
	418,223	(139,272)	278,951
<b>2015</b>			
Renovation, furniture and fittings	146,239	(3,815)	142,424
Equipment and electrical installation	248,269	(70,059)	178,210
	394,508	(73,874)	320,634

- (a) The net book value of the property, plant and equipment which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	The Group	
	2016 RM	2015 RM
Freehold land	4,000,000	2,053,988
Long leasehold land	315,177	164,966
Buildings	9,834,823	8,183,500
	14,150,000	10,402,454

- (b) Included in the property, plant and equipment in the previous financial year were motor vehicles with a total net book value of RM8,968, which were acquired under hire purchase terms. These leased assets had been pledged as security for the related finance leased liabilities of the Group.
- (c) The leasehold land is amortised over 70 years.
- (d) During the financial year, the Group's land and buildings were revalued by an independent professional valuer. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income as disclosed in Note 33 to the financial statements and accumulated in equity under the revaluation reserve.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 8. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(e) If the land and building were measured using the cost model, the carrying amounts would be as follows:-

	The Group	
	2016	2015
	RM	RM
Cost	19,922,104	19,922,104
Accumulated depreciation	(1,753,485)	(1,490,849)
	18,168,619	18,431,255

(f) During the financial year, the Group ceased the business operations of Oversea Hong Kong Café Sdn. Bhd. and Tunas Citarasa Sdn. Bhd. as they were operating at a loss. Accordingly, the total amount of plant and equipment written off amounted to RM933,882 (2015 - Nil).

### 9. INVESTMENT PROPERTIES

	The Group	
	2016	2015
	RM	RM
At 1 April	1,771,500	1,771,500
Disposal during the financial year	(195,000)	-
Fair value gain	873,500	-
At 31 March	2,450,000	1,771,500
Investment properties comprise the following:-		
At fair value:-		
Freehold land and buildings	2,450,000	1,771,500

Investment properties are stated at fair value, which have been determined based on valuations performed by independent valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 9. INVESTMENT PROPERTIES *cont'd*

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:-

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	Fair Value
	RM	RM	RM	RM
<b>2016</b>				
Shoplot	-	1,473,500	-	1,473,500
Terrace house	-	950,000	-	950,000
Carpark	-	26,500	-	26,500
	-	2,450,000	-	2,450,000
<b>2015</b>				
Shoplot	-	1,200,000	-	1,200,000
Terrace house	-	350,000	-	350,000
Condominium	-	195,000	-	195,000
Carpark	-	26,500	-	26,500
	-	1,771,500	-	1,771,500

### 10. OTHER INVESTMENTS

	The Group	
	2016	2015
	RM	RM
At 1 April	213,635	256,180
Acquisition during the financial year	2,719,240	-
Disposal during the financial year	(2,505,918)	-
Fair value adjustment (Note 24.2)	(54,497)	(42,545)
At 31 March	372,460	213,635
Other investments comprise the following:-		
At fair value:-		
Quoted shares in Malaysia	240,300	64,500
Quoted shares outside Malaysia	24,390	41,365
Investments in quoted shares	264,690	105,865
Golf club membership	107,770	107,770
	372,460	213,635
Market value of quoted shares	264,690	105,865

Investments in quoted shares of the Group are designated as available-for-sale financial assets and are measured at fair value.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016  
cont'd

### 10. OTHER INVESTMENTS *cont'd*

Golf club membership of the Group are designated as available-for-sale financial assets and are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the membership.

### 11. INTANGIBLE ASSET

	The Group	
	2016 RM	2015 RM
Trademark, at cost:-		
At 1 April	370,279	305,933
Addition during the financial year	6,350	64,346
At 31 March	376,629	370,279
Amortisation of intangible asset	(289,141)	(234,890)
	87,488	135,389
Amortisation of intangible asset:-		
At 1 April	(234,890)	(183,804)
Amortisation during the financial year	(54,251)	(51,086)
At 31 March	(289,141)	(234,890)

### 12. LONG-TERM RECEIVABLES

Long-term receivables comprise staff loans as follows:-

	The Group	
	2016 RM	2015 RM
Minimum staff loan repayments:		
- within one year	93,800	108,714
- within two to five years	146,901	150,451
- more than five years	17,780	25,830
	258,481	284,995
Less: Prepaid operating expenses	(43,357)	(37,984)
	215,124	247,011

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 12. LONG-TERM RECEIVABLES *cont'd*

The fair value of staff loans are repayable as follows:-

	The Group	
	2016	2015
	RM	RM
Current (Note 16):		
- within one year	93,800	108,714
Non-current:		
- within two to five years	113,214	122,114
- more than five years	8,110	16,183
	121,324	138,297
	215,124	247,011
Prepaid operating expenses:-		
At 1 April	(37,984)	(45,636)
Addition during the financial year	(19,247)	(5,281)
Accretion of long-term receivables	13,874	12,933
Recognised in profit or loss during the financial year	(5,373)	7,652
At 31 March	(43,357)	(37,984)

The staff loans are unsecured, interest-free and to be settled in cash. The staff loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses.

### 13. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2016	2015
	RM	RM
At 1 April	(757,284)	(1,003,029)
Recognised in profit or loss during the financial year (Note 32)	(50,688)	245,745
Recognised in other comprehensive income during the financial year (Note 33)	(4,983,740)	-
Foreign exchange differences	31,386	-
At 31 March	(5,760,326)	(757,284)
Presented as follows:-		
Deferred tax assets	342,726	318,353
Deferred tax liabilities	(6,103,052)	(1,075,637)
	(5,760,326)	(757,284)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 13. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The deferred tax assets/(liabilities) recognised at the end of the reporting period before appropriate off-setting are as follows:-

	The Group	
	2016	2015
	RM	RM
Deferred tax assets:-		
Unrealised foreign exchange losses	7,572	-
Unutilised tax losses	355,225	336,804
	362,797	336,804
Deferred tax liabilities:-		
Property, plant and equipment:		
- arising from revaluation surplus	(4,983,740)	-
- accelerated capital allowances over depreciation	(1,095,708)	(1,094,088)
Investment properties	(43,675)	-
	(6,123,123)	(1,094,088)
	(5,760,326)	(757,284)

No deferred tax assets are recognised at the end of the reporting period on the following items:-

	The Group	
	2016	2015
	RM	RM
Unabsorbed capital allowances	1,586,027	1,040,325
Unutilised tax losses	3,267,568	2,663,113
	4,853,595	3,703,438

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise these benefits.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 14. INVENTORIES

	The Group	
	2016	2015
	RM	RM
At cost:-		
Food	3,517,500	3,567,185
Beverage	316,882	200,884
Raw materials	97,531	39,730
Packing materials	239,795	231,955
Finished goods	275	3,254
	4,171,983	4,043,008

None of the inventories is carried at net realisable value.

	The Group	
	2016	2015
	RM	RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	21,897,650	22,617,230

### 15. TRADE RECEIVABLES

	The Group	
	2016	2015
	RM	RM
Trade receivables	1,129,811	1,221,473
Allowance for impairment losses	(746,842)	(660,949)
	382,969	560,524
Allowance for impairment losses:-		
At 1 April	(660,949)	(660,949)
Addition during the financial year	(85,893)	-
At 31 March	(746,842)	(660,949)

The Group's normal trade credit terms range from cash term to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	412,901	178,049	-	-
Deposits	2,184,508	2,057,665	117,989	150,500
Prepayments	448,072	441,384	15,418	15,534
	3,045,481	2,677,098	133,407	166,034

Included in the other receivables are staff loans of RM93,800 (2015 - RM108,714) as disclosed in Note 12 to the financial statements.

### 17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2016 RM	2015 RM
Amount owing by subsidiaries:-		
Non-trade balances	9,247,730	10,215,821
Allowance for impairment losses	-	(965,000)
	9,247,730	9,250,821
Allowance for impairment losses:-		
At 1 April	(965,000)	(965,000)
Writeback during the financial year	965,000	-
At 31 March	-	(965,000)
Amount owing to subsidiaries:-		
Non-trade balances	(5,882,295)	(6,850,880)

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 18. AMOUNT OWING BY AN ASSOCIATE

	The Group	
	2016	2015
	RM	RM
Non-trade balances	1,924,300	1,774,300
Allowance for impairment losses	(1,924,300)	-
	-	1,774,300
Allowance for impairment losses:-		
At 1 April	-	-
Addition during the financial year	(1,924,300)	-
At 31 March	(1,924,300)	-

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 19. AMOUNT OWING BY JOINT VENTURE

The amount owing in the previous financial year was non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was to be settled in cash.

### 20. SHORT-TERM INVESTMENT WITH FINANCIAL INSTITUTIONS

	The Group	
	2016	2015
	RM	RM
At fair value:		
Money market fund	232,520	-
Market value of money market fund	232,520	-

The short-term investment with financial institutions of the Group are in respect of investment in unquoted trust funds and earns interest at effective interest rates ranging from 2.79% to 3.14% (2015 - NIL) per annum at the end of the reporting period.

### 21. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks bore effective interest rates ranging from 2.95% to 4.20% (2015 - 2.00% to 3.70%) per annum at the end of the reporting period. The deposits have maturity periods ranging from 1 to 12 months (2015 - 1 to 12 months).

The deposits of RM426,449 (2015 - RM415,807) at the end of the reporting period were pledged to licensed banks as security for banking facilities granted to the Group.

The deposits of RM229,437 (2015 - RM222,225) at the end of the reporting period were held in trust for the Group by a director. The deposits will be transferred to the Group at a time to be directed by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 22. SHARE CAPITAL

	The Company			
	2016	2015	2016	2015
	Number Of Shares		RM	RM
Ordinary shares of RM0.20 each:-				
Authorised	500,000,000	500,000,000	100,000,000	100,000,000
Issued And Fully Paid-up	245,000,000	245,000,000	49,000,000	49,000,000

### 23. TREASURY SHARES

	The Group/The Company	
	2016	2015
	RM	RM
At 1 April	867,063	-
Share buy-back during the financial year	-	867,063
At 31 March	867,063	867,063

The amount relates to the acquisition cost of treasury shares.

The total shares purchased under the share buy-back program were financed by internally generated funds. The ordinary shares purchased were retained as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from shareholders' equity.

Of the total 245,000,000 (2015 - 245,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 4,047,100 (2015 - 4,047,100) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

### 24. RESERVES

	Note	The Group		The Company	
		2016	2015	2016	2015
		RM	RM	RM	RM
Share premium	24.1	1,038,157	1,038,157	1,038,157	1,038,157
Fair value reserve	24.2	2,022	(9,203)	-	-
Foreign exchange translation reserve	24.3	(180,497)	(24,470)	-	-
Revaluation reserve	24.4	18,347,641	-	-	-
(Accumulated losses)/ Retained profits		(4,393,038)	(68,520)	(1,143,320)	475,737
		14,814,285	935,964	(105,163)	1,513,894

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 24. RESERVES *cont'd*

#### 24.1 Share Premium

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

#### 24.2 Fair Value Reserve

	The Group	
	2016 RM	2015 RM
At 1 April	(9,203)	33,342
Fair value loss on investment in quoted shares (Note 10)	(54,497)	(42,545)
Reversal upon disposal of investment in quoted shares	65,722	-
At 31 March	2,022	(9,203)

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

#### 24.3 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of the foreign subsidiaries and is not distributable by way of dividends.

#### 24.4 Revaluation Reserve

	The Group	
	2016 RM	2015 RM
At 1 April	-	-
Arising from revaluation of properties	18,347,641	-
At 31 March	18,347,641	-

The revaluation reserve represents the increase in the fair value of land and buildings of the Group (net of deferred tax, where applicable).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016  
cont'd

### 25. LONG-TERM BORROWINGS

	The Group	
	2016 RM	2015 RM
Hire purchase payables (Note 26)	-	5,595
Term loans (Note 27)	1,136,224	1,171,420
	<b>1,136,224</b>	<b>1,177,015</b>

### 26. HIRE PURCHASE PAYABLES

	The Group	
	2016 RM	2015 RM
Minimum hire purchase payments:		
- not later than one year	5,590	22,560
- later than one year and not later than five years	-	5,590
	<b>5,590</b>	<b>28,150</b>
Less: Future finance charges	(42)	(836)
Present value of hire purchase payables	<b>5,548</b>	<b>27,314</b>
Current (Note 29):		
- not later than one year	5,548	21,719
Non-current (Note 25):		
- later than one year and not later than five years	-	5,595
	<b>5,548</b>	<b>27,314</b>

The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase as disclosed in Note 8 to the financial statements.

The hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 4.83% (2015 - 4.83% to 6.71%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 27. TERM LOANS

	The Group	
	2016 RM	2015 RM
Current (Note 29):		
- not later than one year	38,203	411,362
Non-current (Note 25):		
- later than one year and not later than two years	40,097	38,351
- later than two years and not later than five years	132,620	126,847
- later than five years	963,507	1,006,222
	1,136,224	1,171,420
	1,174,427	1,582,782

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalment	Monthly Instalments RM	Date of Commencement of Repayment	The Group Amount Outstanding	
				2016 RM	2015 RM
1	180	Note 1	28.1.2009	-	374,822
2	240	3,930	18.7.2014	587,223	603,964
3	240	3,930	18.7.2014	587,204	603,996
				1,174,427	1,582,782

The term loans bore an effective interest rate of 4.85% (2015 - 4.85% to 6.90%) per annum at the end of the reporting period and are secured by:-

- a first legal charge over certain properties of the Group as disclosed in Note 8 to the financial statements; and
- a joint and several guarantee of certain directors of the Group.

Note:-

- Term loan 1 is repayable as follows:-
  - RM28,469 per month from the date of the first drawdown to month 12;
  - RM32,843 from month 13 to month 24;
  - RM36,364 from month 25 to month 120; and
  - RM36,277 from month 121 to month 180.

The term loan had been fully settled during the current financial year.

### 28. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 29. SHORT-TERM BORROWINGS

	The Group	
	2016 RM	2015 RM
Hire purchase payables (Note 26)	5,548	21,719
Term loans (Note 27)	38,203	411,362
	43,751	433,081

### 30. REVENUE

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of food and beverage	51,830,486	52,324,961	-	-
Sale of moon cakes and other baked products	9,225,614	10,045,547	-	-
Dividend income	-	-	750,000	2,500,000
	61,056,100	62,370,508	750,000	2,500,000

### 31. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible asset	54,251	51,086	-	-
Audit fee:				
- for the financial year	188,949	184,966	23,000	25,000
- (over)/underprovision in the previous financial year	(500)	18,500	(2,000)	17,000
Bad debts written off:				
- other receivables	15,705	-	-	-
Depreciation of property, plant and equipment	2,603,321	2,585,750	65,398	63,206
Directors' fee	108,000	108,000	108,000	108,000
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	1,970,156	2,005,714	-	-
- defined contribution plan	190,506	189,616	-	-
- other benefits	8,507	8,871	-	-



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 31. (LOSS)/PROFIT BEFORE TAXATION *cont'd*

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Impairment loss:				
- investments in subsidiaries	-	-	2,200,000	-
- investments in associate	661,881	-	-	-
- trade receivables	85,893	-	-	-
- amount owing by an associate	1,924,300	-	-	-
Interest expense:				
- hire purchase	794	1,888	-	-
- term loans	70,916	88,275	-	-
Property, plant and equipment written off	943,647	656,891	-	154,102
Realised loss on foreign exchange	125,009	6,769	-	-
Rental of premises	4,676,100	4,549,026	-	-
Rental of plant and machineries	59,650	46,748	-	-
Staff costs:				
- salaries, wages, bonuses and allowances #	19,464,107	18,853,873	-	-
- defined contribution plan	1,753,272	1,619,478	-	-
- other benefits	926,664	805,683	-	-
Accretion of long-term receivables	(13,874)	(12,933)	-	-
Loss/(Gain) on disposal of:				
- property, plant and equipment	-	(21,653)	-	-
- other investments	365,476	-	-	-
Interest income	(385,034)	(468,739)	(27,705)	(35,568)
Investment properties:				
- rental income	(81,850)	(71,650)	-	-
- direct expenses for revenue generating properties	8,758	8,644	-	-
Fair value gain on investment properties	(873,500)	-	-	-
Dividend income	(3,674)	-	-	-
Service fee income	(2,863,404)	(4,134,981)	-	-
Writeback of impairment loss on amount owing by subsidiaries	-	-	(965,000)	-

Note:-

# - Included in the staff costs is an amount of prepaid operating expenses of RM19,247 (2015 - RM5,281) as disclosed in Note 12 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 32. INCOME TAX EXPENSE

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax:				
- for the financial year	871,959	1,316,690	24,600	39,200
- (over)/underprovision in the previous financial year	(1,007)	112,380	(3,887)	4,774
	870,952	1,429,070	20,713	43,974
Deferred tax (Note 13):				
- relating to origination and reversal of temporary differences	50,688	(56,973)	-	-
- overprovision in the previous financial year	-	(188,772)	-	-
	50,688	(245,745)	-	-
	921,640	1,183,325	20,713	43,974

During the financial year, the corporate tax rate reduced from 25% to 24%.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(2,163,396)	1,724,509	(875,485)	1,670,436
Tax at the statutory tax rate of 24% (2015: 25%)	(519,215)	431,127	(210,116)	417,609
Tax effects of:-				
Non-deductible expenses	1,569,542	847,768	646,316	246,591
Non-taxable gains	(208,527)	-	(411,600)	(625,000)
Differential in tax rates	(31,336)	-	-	-
Utilisation of reinvestment allowances	(163,853)	(214,944)	-	-
Utilisation of deferred tax assets not recognised in prior years	(5,577)	-	-	-
Deferred tax assets not recognised during the financial year	281,613	195,766	-	-
(Over)/Underprovision in the previous financial year:				
- current tax	(1,007)	112,380	(3,887)	4,774
- deferred tax	-	(188,772)	-	-
Income tax expense for the financial year	921,640	1,183,325	20,713	43,974

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 32. INCOME TAX EXPENSE *cont'd*

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:- (*cont'd*)

	The Group	
	2016	2015
	RM	RM
Income tax savings during the financial year arising from:-		
Utilisation of current financial year's tax losses	27,984	5,658
Utilisation of tax losses previously recognised as deferred tax assets	179,301	140,429
Utilisation of unabsorbed capital allowances previously not recognised as deferred tax assets	23,238	-
	230,523	146,087

### 33. OTHER COMPREHENSIVE INCOME

	The Group	
	2016	2015
	RM	RM
<b>Items that Will Not be Reclassified Subsequently to Profit or Loss</b>		
Revaluation of property, plant and equipment (Note 8(d))	23,331,381	-
Less: Deferred tax liabilities (Note 13)	(4,983,740)	-
	18,347,641	-
<b>Items that May be Reclassified Subsequently to Profit or Loss</b>		
Fair value of available-for-sale financial assets:		
- changes during the financial year	(54,497)	(42,545)
- transfer to profit or loss upon disposal of other investments	65,722	-
	11,225	(42,545)
Foreign currency translation:		
- changes during the financial year	(156,027)	(20,169)
	18,202,839	(62,714)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 34. (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per share is calculated by dividing the Group's (loss)/profit after taxation attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year:-

	The Group	
	2016	2015
(Loss)/Profit after taxation attributable to owners of the Company (RM)	(3,085,036)	592,391
Weighted average number of ordinary shares in issue	240,952,900	243,111,796
Basic (loss)/earnings per share (sen)	(1.28)	0.24

The diluted (loss)/earnings per share for the Group is equal to the basic (loss)/earnings per share.

### 35. DIVIDENDS

	The Group/The Company	
	2016 RM	2015 RM
Second single tier interim dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 March 2014	-	735,000
Single tier interim dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 March 2015	-	722,861
Single tier interim dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 March 2016	722,859	-
	722,859	1,457,861

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 36. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

#### 36.1 ACQUISITION OF SUBSIDIARIES

The fair value of the identifiable assets and liabilities of TCSB at the date of acquisition were as follows:-

	2016	
	At Date of Acquisition	
	Carrying Amount RM	Fair Value Recognised RM
Plant and equipment	554,310	554,310
Other receivables and deposits	102,197	102,197
Cash and cash equivalents	36,233	36,233
Other payables and accruals	(1,047,882)	(1,047,882)
Net identifiable assets and liabilities assumed	(355,142)	(355,142)
Add: Losses recognised in equity		355,143
Total purchase consideration		1
Less: Cash and cash equivalents of subsidiary acquired		(36,233)
Net cash inflow from acquisition of a subsidiary		36,232

The acquired subsidiary has contributed the following results to the Group:-

	2016 RM
Revenue	-
Loss after taxation	(594,059)

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and loss after taxation would have been RM61,096,841 and RM3,972,044 respectively.

#### 36.2 ACQUISITION OF NON-CONTROLLING INTERESTS

The details on the effects of the acquisition of additional equity interests in an existing subsidiary are as follows:-

	The Group	
	2016 RM	2015 RM
Net credit balance acquired from NCI	(161,478)	-
Premium paid on acquisition	161,480	-
Purchase consideration	2	-
Less: Non-cash consideration	-	-
Net cash outflow from acquisition of additional equity interest in subsidiaries	2	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 37. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short-term investment with financial institutions (Note 20)	232,520	-	-	-
Deposits with licensed banks (Note 21)	12,472,312	12,983,324	603,902	1,095,667
Cash and bank balances	3,798,399	5,289,102	181,529	91,343
	16,503,231	18,272,426	785,431	1,187,010
Less: Deposits pledged to licensed banks (Note 21)	(426,449)	(415,807)	-	-
Less: Deposits with maturity periods more than 3 months	(4,250,000)	(3,364,910)	-	-
	11,826,782	14,491,709	785,431	1,187,010

### 38. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by the directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive directors:				
- salaries and other emoluments	2,169,169	2,204,201	-	-
Non-executive directors:				
- fee	108,000	108,000	108,000	108,000
	2,277,169	2,312,201	108,000	108,000

The number of directors of the Company whose total remuneration were received from the Group and the Company during the financial year within the following bands are analysed as follows:-

	The Group		The Company	
	2016	2015	2016	2015
<b>Executive Directors</b>				
- RM150,001 – RM200,000	2	1	-	-
- RM200,001 – RM250,000	1	2	-	-
- RM300,001 – RM350,000	1	1	-	-
- RM350,001 – RM400,000	1	1	-	-
- RM850,001 – RM900,000	1	1	-	-
<b>Non-executive Directors</b>				
- Below RM50,000	3	3	3	3
	9	9	3	3

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 39. CONTINGENT LIABILITY

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	2016	2015
	RM	RM
<b>Unsecured</b>		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	1,600,876	1,998,590

### 40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the key management personnel as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

- (i) Restaurant segment - involved in the business as restaurant operators.
- (ii) Manufacturing segment - involved in the manufacturing and wholesale of moon cake and other baked products.
- (iii) Trading and investment holding segment - involved in the trading of general and food products and providing corporate services and treasury functions.

The key management personnel assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Operating segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets, liabilities and expenses. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 40. OPERATING SEGMENTS *cont'd*

#### 40.1 Business Segments

	Restaurants RM	Manufacturing RM	Trading and Investment Holding RM	Elimination RM	The Group RM
<b>2016</b>					
<b>Revenue</b>					
External revenue	51,830,486	9,225,614	-	-	61,056,100
Inter-segment revenue	149,839	6,196,297	762,990	(7,109,126)	-
<b>Total revenue</b>	<b>51,980,325</b>	<b>15,421,911</b>	<b>762,990</b>	<b>(7,109,126)</b>	<b>61,056,100</b>
<b>Results</b>					
Segment results	60,120	843,377	(1,552,745)	(1,442,716)	(2,091,964)
Finance costs	(71,432)	-	-	-	(71,432)
(Loss)/Profit before taxation	(11,312)	843,377	(1,552,745)	(1,442,716)	(2,163,396)
Income tax expense					(921,640)
(Loss)/Profit after taxation					<b>(3,085,036)</b>
<b>Assets</b>					
Segment assets	62,282,573	29,544,114	58,089,512	(74,721,632)	75,194,567
Unallocated assets	425,956	157,117	6,818	-	589,891
<b>Consolidated total assets</b>					<b>75,784,458</b>
<b>Liabilities</b>					
Segment liabilities	26,325,642	10,800,123	18,376,715	(48,816,996)	6,685,484
Unallocated liabilities	1,741,097	4,410,655	-	-	6,151,752
<b>Consolidated total liabilities</b>					<b>12,837,236</b>
<b>Other Segment Items</b>					
Amortisation of intangible asset	141	48,512	5,598	-	54,251
Capital expenditure:					
- Property, plant and equipment	643,808	431,363	23,715	-	1,098,886
Depreciation of property plant and equipment	1,858,905	677,659	66,757	-	2,603,321
Property, plant and equipment written off	943,647	-	-	-	943,647



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 40. OPERATING SEGMENTS *cont'd*

#### 40.1 Business Segments *cont'd*

	Restaurants RM	Manufacturing RM	Trading And Investment Holding RM	Elimination RM	The Group RM
<b>2015</b>					
<b>Revenue</b>					
External revenue	52,323,461	10,045,547	1,500	-	62,370,508
Inter-segment revenue	142,086	7,074,591	3,145,957	(10,362,634)	-
Total revenue	52,465,547	17,120,138	3,147,457	(10,362,634)	62,370,508
<b>Results</b>					
Segment results	1,609,897	1,046,561	1,658,214	(2,500,000)	1,814,672
Finance costs	(90,073)	(90)	-	-	(90,163)
Profit before taxation					1,724,509
Income tax expense					(1,183,325)
Profit after taxation					541,184
<b>Assets</b>					
Segment assets	61,172,353	13,104,650	65,524,012	(81,868,356)	57,932,659
Unallocated assets	320,255	203,332	3,746		527,333
Consolidated total assets					58,459,992
<b>Liabilities</b>					
Segment liabilities	24,332,281	2,887,524	18,426,574	(37,227,946)	8,418,433
Unallocated liabilities	557,544	566,474	10,118		1,134,136
Consolidated total liabilities					9,552,569
<b>Other Segment Items</b>					
Amortisation of intangible asset	-	45,798	5,288	-	51,086
Capital expenditure:					
- Property, plant and equipment	3,050,593	643,847	184,667	(67,468)	3,811,639
Depreciation of property plant and equipment	1,938,337	583,075	64,338	-	2,585,750
Property, plant and equipment written off	502,789	-	154,102	-	656,891

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 40. OPERATING SEGMENTS *cont'd*

#### 40.2 Geographical Segments

Revenue and non-current assets information based on the geographical location of the Company and its subsidiaries are as follows:-

	Revenue		Non-Current Assets	
	2016	2015	2016	2015
	RM	RM	RM	RM
Malaysia	56,185,222	60,448,450	50,786,610	29,339,027
Hong Kong	2,002,899	1,588,837	247,413	222,472
Taiwan	2,867,979	333,221	399,606	417,560
	61,056,100	62,370,508	51,433,629	29,979,059

#### 40.3 Information About Major Customers

There are no single external customers for which the revenue generated exceeded 10% of the Group's revenue.

### 41. RELATED PARTY DISCLOSURES

#### 41.1 Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 41. RELATED PARTY DISCLOSURES *cont'd*

#### 41.2 Significant related party transaction and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(i) Subsidiaries:				
Expenses paid on behalf of	-	-	23,900	-
Expenses paid by	-	-	-	1,723
Advances to	-	-	-	560,830
Management fee received	-	-	107,600	113,400
Dividend received	-	-	750,000	2,500,000
(ii) Joint venture:				
Expenses paid by	-	5,281	-	-
(iii) Related parties:				
Rental expenses	1,285,200	1,205,700	-	-

#### 41.3 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors and certain members of senior management of the Group and of the Company.

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	4,230,843	4,230,910	108,000	108,000

## NOTES TO THE FINANCIAL STATEMENTS

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### 42. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 42.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on purchases that are denominated in foreign currencies. The currency giving rise to this risk is primarily Hong Kong Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

	The Group	
	2016	2015
	RM	RM
<u>Deposits with licensed bank</u>		
Hong Kong Dollar	417	288,809

##### *Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the HKD exchange rate at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company.

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.1 Financial Risk Management Policies *cont'd*

##### (a) Market Risk *cont'd*

##### (ii) Interest Rate Risk *cont'd*

##### Exposure to Interest Rate Risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period were:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Fixed rate instruments</b>				
Deposits with licensed banks	12,472,312	12,983,324	603,902	1,095,667
Hire purchase payables	(5,548)	(27,314)	-	-
	12,466,764	12,956,010	603,902	1,095,667

	The Group	
	2016 RM	2015 RM
<b>Floating rate instruments</b>		
Term loans	(1,174,427)	(1,582,782)

##### Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table details the sensitivity analysis to a reasonably possible change in the interest rate at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016 Increase/ (Decrease) RM	2015 Increase/ (Decrease) RM
<b>Effects on (Loss)/Profit After Taxation/Equity</b>		
Increase of 100 basis points	(8,926)	(11,871)
Decrease of 100 basis points	8,926	11,871

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.1 Financial Risk Management Policies *cont'd*

##### (a) Market Risk *cont'd*

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

##### Exposure to Equity Price Risk

The equity price risk profile of the Group based on carrying amount at the end of the reporting period was:-

	The Group	
	2016	2015
	RM	RM
Quoted shares in Malaysia	240,300	64,500
Quoted shares outside Malaysia	24,390	41,365
	264,690	105,865

##### Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016	2015
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
<b>Effects on Equity</b>		
Increase of 10%	26,469	10,586
Decrease of 10%	(26,469)	(10,586)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.1 Financial Risk Management Policies *cont'd*

##### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

##### Credit Risk Concentration Profile

The Group does not have major concentration of credit risk related to any individual customer or counterparty.

##### Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of the financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2016 RM	2015 RM
Malaysia	373,210	552,634
Hong Kong	6,655	5,821
Taiwan	3,104	2,069
	382,969	560,524

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.1 Financial Risk Management Policies *cont'd*

##### (b) Credit Risk *cont'd*

###### Ageing Analysis

The ageing analysis of trade receivables is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
<b>The Group</b>				
<b>2016</b>				
Not past due	240,736	-	-	240,736
Past due:				
- less than 3 months	14,765	-	-	14,765
- 3 to 6 months	51,852	-	-	51,852
- over 6 months	822,458	(746,842)	-	75,616
	<u>1,129,811</u>	<u>(746,842)</u>	<u>-</u>	<u>382,969</u>
<b>2015</b>				
Not past due	286,386	-	-	286,386
Past due:				
- less than 3 months	20,185	-	-	20,185
- 3 to 6 months	123,720	-	-	123,720
- over 6 months	791,182	(660,949)	-	130,233
	<u>1,221,473</u>	<u>(660,949)</u>	<u>-</u>	<u>560,524</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.1 Financial Risk Management Policies *cont'd*

##### (c) Liquidity Risk *cont'd*

##### Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>2016</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	3,196,389	3,196,389	3,196,389	-	-
Other payables and accruals	-	2,309,120	2,309,120	2,309,120	-	-
Hire purchase payables	4.83	5,548	5,590	5,590	-	-
Term loans	4.85	1,174,427	1,804,636	94,320	377,280	1,333,036
		6,685,484	7,315,735	5,605,419	377,280	1,333,036
<b>2015</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	4,479,630	4,479,630	4,479,630	-	-
Other payables and accruals	-	2,328,707	2,328,707	2,328,707	-	-
Hire purchase payables	4.83 - 6.71	27,314	28,150	22,560	5,590	-
Term loans	4.85 - 6.90	1,582,782	2,279,291	482,245	377,280	1,419,766
		8,418,433	9,115,778	7,313,142	382,870	1,419,766

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.1 Financial Risk Management Policies *cont'd*

##### (c) Liquidity Risk *cont'd*

##### Maturity Analysis *cont'd*

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM
<b>2016</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	169,085	169,085	169,085
Amount owing to subsidiaries	-	5,882,295	5,882,295	5,882,295
		6,051,380	6,051,380	6,051,380
<b>2015</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	246,475	246,475	246,475
Amount owing to subsidiaries	-	6,850,880	6,850,880	6,850,880
		7,097,355	7,097,355	7,097,355

#### 42.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Company and non-controlling interest.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total borrowings from financial institutions.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.3 Classification Of Financial Instruments

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Financial Assets</b>				
<u>Available-for-sale Financial Assets</u>				
Other investments (Note 10)	372,460	213,635	-	-
<u>Loans and Receivables Financial Assets</u>				
Trade receivables (Note 15)	382,969	560,524	-	-
Other receivables, deposits and staff loans (Note 12 and 16)	2,718,733	2,374,011	117,989	150,500
Amount owing by subsidiaries (Note 17)	-	-	9,247,730	9,250,821
Amount owing by an associate (Note 18)	-	1,774,300	-	-
Amount owing by joint venture (Note 19)	-	944,597	-	-
Deposits with licensed banks (Note 21)	12,472,312	12,983,324	603,902	1,095,667
Cash and bank balances	3,798,399	5,289,102	181,529	91,343
	19,372,413	23,925,858	10,151,150	10,588,331
<u>Fair Value through Profit or Loss</u>				
Short-term investment with financial institutions	232,520	-	-	-
<b>Financial Liabilities</b>				
<u>Other Financial Liabilities</u>				
Trade payables (Note 28)	3,196,389	4,479,630	-	-
Other payables and accruals	2,309,120	2,328,707	169,085	246,475
Amount owing to subsidiaries (Note 17)	-	-	5,882,295	6,850,880
Hire purchase payables (Note 26)	5,548	27,314	-	-
Term loans (Note 27)	1,174,427	1,582,782	-	-
	6,685,484	8,418,433	6,051,380	7,097,355

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2016</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted investments	264,690	-	-	-	-	-	372,460	372,460
- golf club membership	-	-	-	-	-	-	#	107,770
Short-term investment with financial institutions	-	232,520	-	-	-	-	-	-
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	5,581	-	5,581	5,548
Term loans	-	-	-	-	1,174,427	-	1,174,427	1,174,427
<b>2015</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted investments	105,865	-	-	-	-	-	105,865	105,865
- golf club membership	-	-	-	-	-	-	#	107,770
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	27,109	-	27,109	27,314
Term loans	-	-	-	-	1,582,782	-	1,582,782	1,582,782

Note:

# - The fair value cannot be reliably measured using valuation techniques.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

### 42. FINANCIAL INSTRUMENTS *cont'd*

#### 42.4 Fair Value Information *cont'd*

The fair values of level 1 and level 2 above have been determined using the following basis:-

- (a) The fair value of quoted investment is estimated based on their quoted closing bid prices at the end of the reporting period.
- (b) The fair value of short-term investment with financial institutions is estimated based on their observable input, either directly or indirectly.
- (c) The fair value of hire purchase payables and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2016 RM	2015 RM
Hire purchase payables	4.83%	4.83% - 6.71%
Term loans	4.85%	4.85% - 6.90%

### 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are as follows:-

- (a) On 1 April 2015, Restoran Oversea (JV) International Sdn Bhd ("OJV"), a wholly-owned subsidiary of the Company had acquired the remaining 35% equity interest in Rich Tastes (Centrepont) Sdn. Bhd. ("RTC") from the joint venture partners comprising 115,500 ordinary shares of RM1.00 each fully paid-up for a total cash consideration of RM2.00. As a result of the acquisition of the remaining 35% equity interest from the joint venture partners, RTC became a wholly-owned subsidiary of OJV.
- (b) On 17 April 2015, RHB Investment Bank Berhad ("RHBIB") had on behalf of the Board of Directors of the Company announced that the Equity Compliance Unit of Securities Commission Malaysia had, vide its letter dated 16 April 2015, approved the Company's application on the following:-
  - (i) the Proposed Special Bumiputera Issue of 35,000,000 new ordinary shares of RM0.20 each; and
  - (ii) extension of time of twelve (12) months of up to 31 March 2016 for the Company to comply with the equity condition imposed pursuant to the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad.

On 14 August 2015, The Ministry of International Trade and Industry had vide its letter dated 13 August 2015, agreed to take note of the Proposed Special Bumiputera Issue. On 11 July 2016, the listing application in relation to the Special Bumiputera Issue has been submitted to Bursa Securities.

- (c) On 23 October 2015, OJV had acquired the remaining 49% equity interest in Tunas Citarasa Sdn Bhd ("TCSB") from the joint venture's partner comprising 649,250 ordinary shares of RM1.00 each fully paid-up ("Acquired Shares") for a total cash consideration of RM1.00. Subsequent to the acquisition of the remaining 49% equity interest from the joint venture's partner, TCSB became a wholly-owned subsidiary of OJV.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

cont'd

#### 44. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	1,172,067	30,378,753	(1,143,320)	475,737
- unrealised	5,760,326	757,284	-	-
	6,932,393	31,136,037	(1,143,320)	475,737
Total share of losses of joint venture:				
- realised	-	(675,749)	-	-
Total share of losses of an associate:				
- realised	(236,938)	(57,641)	-	-
	6,695,455	30,402,647	(1,143,320)	475,737
Less: Consolidation adjustments	(11,088,493)	(30,471,167)	-	-
At 31 March	(4,393,038)	(68,520)	(1,143,320)	475,737

## TEN LARGEST PROPERTIES HELD BY THE GROUP

As at 30 June 2016

Registered owner	Location	Existing Use	Type of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (sq ft)	Built-up area (sq ft)	Net Book Value As at 31/03/2016 (RM'000)	Date of last revaluation
Haewaytian Restaurant Sdn. Bhd	No. 28, Jalan Datoh, 30000, Ipoh, Perak	Restaurant	Commercial/ Building	Freehold	-	8	43,287	27,187	11,000	31/03/2016
Haewaytian Cake House Sdn. Bhd.	Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Miah Sing Integrated", 40150 Shah Alam, Selangor	2-storey detached warehouse cum factory with 1-storey office attached/warehouse, factory cum office	Industrial Land/ Building	Leasehold 99 years	80 years (11/12/2096)	13	84,067	59,557	22,000	31/03/2016
Restoran Oversea (P) Sdn. Bhd.	H-0-02 & H-1-02 (Lot H-02) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/ property investment	Commercial/ Building	Freehold	-	8	1,430	2,487	1,500	31/03/2016
Restoran Tsim Tung Sdn Bhd	No. 18, Pandan Indah 4/6, Pandan Indah 55100 Kuala Lumpur	Restaurant	Commercial/ Building	Leasehold 99 years	77 Years (06/06/2093)	20	1,302	1,107	1,100	31/03/2016
Restoran Tsim Tung Sdn Bhd	No. 20, Pandan Indah 4/6, Pandan Indah 55100 Kuala Lumpur	Restaurant	Commercial/ Building	Leasehold 99 years	77 Years (06/06/2093)	20	1,302	1,107	1,100	31/03/2016
Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 29, Jalan SS 15/2B, 47500 Subang Jaya, Selangor	Hostel	Residential/ Building	Freehold	-	37	2,560	1,409	1,200	31/03/2016
Haewaytian Restaurant Sdn. Bhd.	No. 57, Jalan Seenivasagam, 30450 Ipoh, Perak	Restaurant, storage facilities and staff hostel	Commercial/ Building	Leasehold 99 years	62 years (20/12/2078)	37	1,894	4,807	950	31/03/2016
Oversea Training Academy Sdn Bhd	No. 477, Jalan 5/46, Section 5, 46000 Petaling Jaya, Selangor	2-storey townhouse/ Rented out to a private entity	Residential/ Building	Freehold	-	46	1,700	2,060	950	31/03/2016
Restoran Oversea (P) Sdn. Bhd.	No. 31, Jalan U5/28, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor	1 ½ storey terrace / factory, store room.	Industrial Land/ Building	Leasehold 99 years	80 years (11/12/2096)	16	3,003	3,180	1,100	31/03/2016
Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 4, Jalan SS15/3A, Subang Jaya, 47500 Petaling, Selangor	Hostel	Residential/ Building	Freehold	-	37	1,760	1,632	950	31/03/2016

**Note: -**

1) Other disclosures on land building owned by the Group are immaterial to disclose individually.

## ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM49,000,000.00
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One vote per share
Number of Shareholders	:	1,173

### ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2016

Holdings	No. of Holders	Total Shareholdings	%*
Less than 100	84	2,661	0.00
100 - 1,000	204	91,049	0.04
1,001 - 10,000	333	2,068,910	0.86
10,001 - 100,000	456	18,679,000	7.75
100,001 to less than 5% of issued shares	93	66,008,059	27.39
5% and above of issued shares	3	154,103,221	63.96
	<b>1,173</b>	<b>240,952,900</b>	<b>100.00</b>

### LIST OF 30 LARGEST SHAREHOLDERS REGISTERED AS AT 30 JUNE 2016

(Without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
1	Yu Soo Chye @ Yee Soo Chye	82,744,270	34.34
2	Lee Lim & Sons Sdn. Bhd.	50,898,358	21.12
3	Lee Pek Yoke	20,460,593	8.49
4	Ting Sii Liong	9,391,700	3.90
5	Kwan Sia Hock	8,647,493	3.59
6	Tan Han Chuan	8,008,600	3.32
7	Khong Yik Kam	6,256,338	2.60
8	Lee Seng Fan	5,868,496	2.44
9	Chen Khai Voon	3,000,000	1.25
10	Kok Chee Mun	1,000,600	0.42
11	Chiang Kooi Fong	1,000,000	0.42
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Yong Kwet On)	900,000	0.37
13	Rurug Juang Realty Sdn. Bhd.	850,000	0.35
14	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Cheah Tuck Hing) (AC0048)	800,000	0.33
15	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Chong Kok An) (REM 130)	793,700	0.33
16	Lum Fong Har	750,000	0.31
17	Simple Angel Capital Sdn. Bhd.	600,033	0.25
18	Lee Seng Pun	550,300	0.23
19	Chia Liang Chuan	524,100	0.22



## ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

cont'd

No.	Name	No. of Shares Held	%*
20	Jimmy Lim Thaw Chay	500,000	0.21
21	Leow Chiew Peng	500,000	0.21
22	Public Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Wong Siew Oon) (E-BCG/KPR)</i>	500,000	0.21
23	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Low Choon Chong)</i>	500,000	0.21
24	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Foong Poh Mei) (REM 609-Margin)</i>	435,000	0.18
25	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Hon Bee Bee) (REM 108-Margin)</i>	417,100	0.17
26	Khong Huey Hoong	400,000	0.17
27	Goh Siang Giang	390,000	0.16
28	Khong Huey Fan	350,000	0.15
29	Public Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Chia Song Meng) (E-SLY)</i>	336,400	0.14
30	Lim Ka Chong	318,100	0.13
	<b>Total</b>	<b>207,690,581</b>	<b>86.22</b>

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2016

Name of Substantial Shareholders	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%*
Yu Soo Chye @ Yee Soo Chye	82,744,270	34.34	-	-
Lee Lim & Sons Sdn Bhd	50,898,358	21.12	-	-
Lee Pek Yoke	20,460,593	8.49	-	-
Lee Seng Fan	5,868,496	2.44	50,917,358 <sup>#</sup>	21.13
Lee Seng Pun	550,300	0.23	50,898,358 <sup>##</sup>	21.12

# Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company pursuant to Section 6A of the Companies Act, 1965 and the shareholdings of his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

## Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company pursuant to Section 6A of the Companies Act, 1965.

## ANALYSIS OF SHAREHOLDINGS

As at 30 June 2016

cont'd

### DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2016

(Based on the Register of Directors' Shareholdings)

Name of Directors	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%*
Yu Soo Chye @ Yee Soo Chye	82,744,270	34.34	-	-
Lee Pek Yoke	20,460,593	8.49	-	-
Khong Yik Kam	6,256,338	2.60	1,450,000 <sup>#</sup>	0.60
Lee Seng Fan	5,868,496	2.44	50,917,358 <sup>##</sup>	21.13
Yu Tack Tein	-	-	600,033 <sup>###</sup>	0.25
Koong Lin Loong	100,000	0.04	-	-
Chiam Soon Hock	100,000	0.04	-	-
Yau Ming Teck	-	-	-	-
Yu Suat Yin ( <i>Alternate Director</i> )	163,333	0.07	10,000 <sup>####</sup>	0.004

<sup>#</sup> Deemed interested by virtue of his substantial shareholdings and directorship in Rurng Juang Realty Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

<sup>##</sup> Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company pursuant to Section 6A of the Companies Act, 1965 and the shareholdings of his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

<sup>###</sup> Deemed interested by virtue of his substantial shareholdings and directorship in Simple Angel Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

<sup>####</sup> Deemed interested by virtue of her spouse's shareholding in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

\* Computation of percentage shareholding excludes 4,047,100 treasury shares.

## NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-First Annual General Meeting of Oversea Enterprise Berhad (“the Company”) will be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 25 August 2016 at 11.00 a.m. for the following purposes:-

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and Auditors thereon. **[Please see Note 2]**
2. To approve the payment of Directors’ Fees for the financial year ended 31 March 2016. **(Resolution 1)**
3. To re-elect the following Directors who retire pursuant to Article 85 of the Company’s Articles of Association:
  - (i) Mr Lee Seng Fan **(Resolution 2)**
  - (ii) Mr Koong Lin Loong **[Please see Note 3]** **(Resolution 3)**
  - (iii) Mr Chiam Soon Hock **[Please see Note 3]** **(Resolution 4)**
4. To re-appoint Mr Yu Soo Chye @ Yee Soo Chye who retires pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting. **[Please see Note 4]** **(Resolution 5)**
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Resolutions:

6. **Ordinary Resolution I** **[Please see Note 5]**  
**Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

“THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company, at any time 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 issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that authority shall continue in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting.”

**(Resolution 7)**

## NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

7. **Ordinary Resolution II**  
**Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

[Please see Note 6]

"THAT subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 29 July 2016, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Shareholders' Mandate").:-

(Resolution 8)

THAT the Proposed Shareholders' Mandate shall only continue to be in full force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

## 8. Special Resolution Proposed Amendments to the Articles of Association of the Company

[Please see Note 7]

“THAT Article 144 of the Articles of Association of the Company be amended as follows (“Proposed Amendments”):-

(Resolution 9)

Existing Provision	Amended Provision
<p>A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent (<u>not later than 6 Months after the close of the financial year and</u> at least 21 days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles. <u>The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors and auditors’ reports shall not exceed 4 months. The required number of copies of each of these documents shall at the same time be sent to the Exchange.</u></p>	<p>A copy of the reports by the Directors and auditors of the Company, the profit and loss accounts, balance sheets and group accounts (if any) (including all documents required by law to be annexed or attached to all or any of them) shall be sent at least 21 days before the general meeting at which they are to be laid) to all Members, holders of debentures and all other persons entitled to receive notices of general meetings under the Act or these Articles.</p>

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities.”

9. To consider any other business of which due notice shall have been given.

### BY ORDER OF THE BOARD

**Wong Wai Foong (MAICSA 7001358)**  
**Ng Bee Lian (MAICSA 7041392)**  
**Yap Sit Lee (MAICSA 7028098)**  
 Company Secretaries

Kuala Lumpur  
 29 July 2016

# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

## Notes:

### 1. APPOINTMENT OF PROXY

- (a) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.
- (b) To be valid, the Proxy Form, duly completed, must be deposited at the Registered Office of the Company at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
- (c) A member shall not appoint more than two (2) proxies to attend at the same meeting except where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary 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 it holds.
- (e) Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proxies shall not be valid (unless the member specifies the proportion of shareholdings to be represented by each proxy).
- (f) If the appointor is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- (g) Only members whose names appear in the Record of Depositors as at 16 August 2016 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

### 2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

### 3. RE-ELECTION OF INDEPENDENT DIRECTORS

In line with the Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nominating Committee and the Board of Directors had undertaken an annual assessment on the independence of Mr Koong Lin Loong and Mr Chiam Soon Hock who are seeking for re-election pursuant to the Articles of Association of the Company, at the forthcoming Twenty-First Annual General Meeting.

### 4. RE-APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

The Resolution 5, if passed, will authorise the continuity in office of the Director (who is over the age of 70 years) until the next Annual General Meeting.

## EXPLANATORY NOTES TO SPECIAL BUSINESS

### 5. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Resolution 7 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot and issue any shares pursuant to the mandate granted to the Directors at the Twentieth Annual General Meeting held on 24 August 2015 as there were no requirements for such fund raising activities.

The proposed Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

## NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

cont'd

**6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

*The proposed Resolution 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms which are not detrimental to the interest of the minority shareholders.*

*Please refer to the Circular to Shareholders dated 29 July 2016 for further information.*

**7. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")**

*The proposed Resolution 9, if passed, will approve the amendments to the Articles of Association of the Company. The Proposed Amendments are to align the Company's Articles of Association with Bursa Malaysia Securities Berhad ACE Market Listing Requirements.*

## STATEMENT ACCOMPANYING NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

(Pursuant to Rule 8.29 of Bursa Malaysia Securities Berhad Ace Market Listing Requirements)

Director who is standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 at the Twenty-First Annual General Meeting of the Company:

Mr. Yu Soo Chye @ Yee Soo Chye

The profile of the above Director is set out in the section entitled “Board of Directors’ Profile” on page 12 of the Annual Report. The details of his interest in the securities of the Company are set out in the section entitled “Analysis of Shareholdings” on page 120 and 121 of the Annual Report.



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海外天集团有限公司

**OVERSEA ENTERPRISE BERHAD** (317155-U)  
(Incorporated in Malaysia)

## PROXY FORM

I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member(s) of **Oversea Enterprise Berhad** hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing whom, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Twenty-First Annual General Meeting of the Company to be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 25 August 2016 at 11.00 a.m. and at any adjournment thereof.

RESOLUTIONS		*FOR	*AGAINST
1.	To approve the payment of Directors' Fees for the financial year ended 31 March 2016.		
2.	To re-elect Mr Lee Seng Fan as Director.		
3.	To re-elect Mr Koong Lin Loong as Director.		
4.	To re-elect Mr Chiam Soon Hock as Director.		
5.	To re-appoint Mr Yu Soo Chye @ Yee Soo Chye as Director.		
6.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To grant authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965.		
8.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9.	To approve the Proposed Amendments to the Articles of Association of the Company.		

(\*Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Signature or Common Seal of Shareholder  
Contact Number:

<b>CDS Account No. :</b>
<b>Number of shares held:</b>
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

Fold This Flap For Sealing

**Notes:-**

1. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.
2. To be valid, the Proxy Form, duly completed, must be deposited at the Registered Office of the Company at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall not appoint more than two (2) proxies to attend at the same meeting except where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (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 it holds.
5. Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proxies shall not be valid (unless the member specifies the proportion of shareholdings to be represented by each proxy).
6. If the appointor is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
7. Only members whose names appear in the Record of Depositors as at 16 August 2016 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

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STAMP

**OVERSEA ENTERPRISE BERHAD (317155-U)**

D-3-1 & D-3A-1,  
Seri Gembira Avenue,  
Jalan Senang Ria,  
Taman Gembira,  
58200 Kuala Lumpur

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