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**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.



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 five (5) Chinese restaurants, three (3) outlets in Klang Valley and two (2) 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.

In addition to the enhancing the core business, the Company had entered into a joint venture with strategic partners to develop new eateries outlet utilising the Company's vast and extensive experience in the food and beverage ("F&B") industry. The Company has successfully launched two (2) casual dining outlets in Genting Highlands under the brand name of WanHoi YAMCH'A and Taibae as well as a quick service outlet in KLIA2 under the brand name of Santai YAMCH'A.

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 63,246 square feet. As part of the Group's strategy to expand its portfolio of in-house manufactured products, the Company also ventured into the production of egg rolls in 1999. Our manufacturing concern exports to various countries including the United States, Australia, New Zealand, Indonesia, Hong Kong, Canada, Macau, Papua New Guinea and the Netherlands.

## AWARD AND RECOGNITIONS

Throughout the years, the Group 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".

In April 2017, the Company was accorded the Honesty Enterprise Category winner of The Asia Pacific International Honesty Enterprise - The 15th Asia Pacific International Honesty Keris Award 2017 for its outstanding achievement in the F&B industry which demonstrates honesty and integrity in their daily business dealings.



### **6 May**

Announcements in relation to appointment of additional Company Secretaries.

### **30 May**

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

### **30 May & 1 Jun**

Announcements in relation to revaluation of non-current assets.

### **5 Jul**

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

### **11 Jul**

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

### **18 Jul**

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

### **28 Jul**

Notice of the Twenty-First Annual General Meeting to Shareholders.

### **17 Aug**

Announcement in relation to approval from Bursa Malaysia Securities Berhad for special Bumiputera issue of 35,000,000 new ordinary shares of RM0.20 each to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry.

### **25 Aug**

Outcome of the Twenty-First Annual General Meeting.

### **26 Aug**

Announcement of the unaudited consolidated results for the financial period ended 30 June 2016.

### **1 Sep**

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

### **22 Sep**

Announcement in relation to the Additional Listing Announcement.

### **23 Sep**

Announcement in relation to 1,415,000 Special Issue Shares were issued, listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

### **27 Oct**

Announcements in relation to change of Company Secretaries.

### **30 Nov**

Announcement of the unaudited consolidated results for the financial period ended 30 September 2016.

## CORPORATE DIARY

cont'd



### **28 Feb**

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

### **29 Mar**

Announcement in relation to change in Boardroom.

### **29 Mar**

Announcements in relation to the change in Nominating Committee, Audit Committee and Remuneration Committee.

### **5 & 6 April**

Announcements in relation to the Notice of Resale of Treasury Shares.

### **18 April**

Announcement in relation to the Notice of Shares Buy Back by a Company pursuant to Form 28B.

### **31 May**

Announcement of the unaudited consolidated results for the financial period ended 31 March 2017.

# CORPORATE STRUCTURE



## OPERATION OF A CHAIN OF CHINESE RESTAURANTS

- 100% Restoran Oversea (Imbi) Sdn. Bhd.
- 100% Restoran Oversea (P.J.) Sdn. Bhd.
- 100% Restoran Oversea (Subang Parade) Sdn. Bhd.
- 100% Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.
- 100% Haewaytian Restaurant Sdn. Bhd.

## OPERATION OF CAFÉ

- 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. \*
- 85% Taiwan Haewaytian Limited (Registered in Taiwan) \*
- 100% Tunas Citarasa Sdn. Bhd. \*
- 30.1% Burger Foundry Australia Pty Ltd (Registered in Australia) \*\*

## OPERATION OF DIM SUM OUTLET

- 100% Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.
- 20% WanHoi GH Sdn. Bhd. (formerly known as Wanhoi Genting Sdn. Bhd. & Santaidimsum Sdn. Bhd.) \*\*

## MANUFACTURING OF MOON CAKES AND OTHER BAKED PRODUCTS

- 100% Haewaytian Cake House Sdn. Bhd.
- 100% Restoran Oversea Confectioneries Sdn. Bhd.

## OVERSEA ENTERPRISE BERHAD and its subsidiaries and associated companies

### TRADING

- 100% Haewaytian Food Industries Sdn. Bhd.
- 100% Haewaytian Trading Sdn. Bhd.
- 100% Tenshou International Sdn. Bhd.

### OWNER OF TRADEMARKS

- 100% Restoran Oversea Holdings Sdn. Bhd.

### INVESTMENT HOLDING

- 100% Restoran Oversea JV (International) Sdn. Bhd.
- 33.3% Santaisan Sdn. Bhd. \*\*

### OTHERS

- 100% Oversea Training Academy Sdn. Bhd.

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

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

# 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*

**CHUI MEE CHUEN**  
*Independent Non-Executive Director*  
*(Appointed w.e.f. 29 March 2017)*

**YAU MING TECK**  
*Independent Non-Executive Director*  
*(Resigned w.e.f. 29 March 2017)*

**YU TACK TEIN**  
*Executive Director*

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

### COMPANY SECRETARIES

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

### AUDIT COMMITTEE

Koong Lin Loong - Chairman  
Chiam Soon Hock  
Chui Mee Chuen  
*(Appointed w.e.f. 29 March 2017)*

### REMUNERATION COMMITTEE

Chiam Soon Hock - Chairman  
Yu Soo Chye @ Yee Soo Chye  
Chui Mee Chuen  
*(Appointed w.e.f. 29 March 2017)*

### NOMINATING COMMITTEE

Chui Mee Chuen - Chairperson  
*(Appointed w.e.f. 29 March 2017)*  
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)*

### RISK MANAGEMENT COMMITTEE

Chiam Soon Hock - Chairman  
Yu Suat Yin *(Vice President, Group Operation)*  
Yap Teck Beng *(Group General Manager)*  
Soh Jin Yiat *(Deputy Group General Manager)*

### REGISTERED OFFICE & HEAD OFFICE

D-3-1 & D-3A-1, Seri Gembira Avenue,  
Jalan Senang Ria, Taman Gembira,  
58200 Kuala Lumpur,  
Wilayah Persekutuan  
Tel. No. : 03-7972 9683  
Fax No. : 03-7972 9662  
Website : [www.oversea.com.my](http://www.oversea.com.my)  
Email : [info@oversea.com.my](mailto: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,  
Wilayah Persekutuan  
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. : 03-7849 0777 (Helpdesk)  
Fax No. : 03-7841 8151/ 7841 8152  
Email : [ssr.helpdesk@symphony.com.my](mailto:ssr.helpdesk@symphony.com.my)

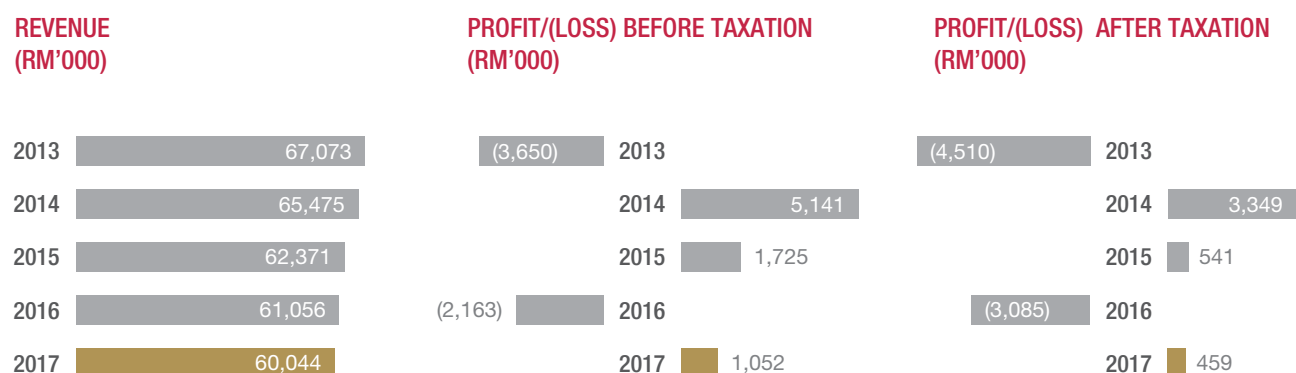
### STOCK EXCHANGE LISTING

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 financial years ended 31 March 2013 to 31 March 2017.

Year Ended	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) After Taxation RM'000
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)
31 March 2017	60,044	1,052	459





# CHAIRMAN'S LETTER TO SHAREHOLDERS



**DEAR**  
**SHAREHOLDERS,**  
I AM PLEASED TO ENCLOSE  
HEREWITH THE ANNUAL  
REPORT 2017 AND THE  
AUDITED FINANCIAL  
STATEMENTS FOR THE  
FINANCIAL YEAR ENDED  
31 MARCH 2017  
("AFS 31 MARCH 2017").

## OUR JOURNEY

The Restoran Oversea Group commenced in year 1977 when the founding members converted the partnership business into a private limited company known as Restoran Oversea (Imbi) Sdn. Bhd. The success of our first "Restoran Oversea" (海外天) restaurant encouraged us to open our second restaurant in Ipoh in 1982. To date, we have developed our Chinese restaurant operations into a chain of seven (7) wholly-owned restaurants with five (5) outlets in Klang Valley and two (2) in Ipoh.

In 1986, we expanded our business into making moon cakes. At that time all our moon cakes were hand made and were marketed as part of our Chinese restaurant business. In 1995, we moved our moon cake operation to our manufacturing facility in Sungai Buloh with a built-up area of approximately 20,000 square feet. Subsequently in 2002, we moved our manufacturing facilities to Shah Alam, Selangor with a total built-up area of 63,246 square feet. In 1986, our output of moon cakes averaged 20,000 pieces per year and has since grown to 1.1 million pieces per year by 2016.

## OUR SPECIALTY

Restoran Oversea is widely known for offering exquisite contemporary Chinese cuisine with special emphasis on unique Cantonese themed restaurant. We feature traditional menus as the "Piece de resistance" of the restaurant. Notwithstanding that, being innovative with our food menus, we

have been offering new additions to our existing food menus on a regular basis. We have introduced, amongst others, the following new additions throughout the year:-

- Double-boiled American Ginseng with Peach Resin Jelly;
- Fried Wild Rice served in Hot Stone Bowl;
- Refreshing Mid-Autumn Platter; and
- "Yee Sang" with Sliced Salmon, Pear and Black Truffle.

## OUR COMPETITIVE ADVANTAGE

With forty (40) years of experience in the restaurant industry together with a dynamic marketing team, Our Group has managed to carve a name to compete with other successful renowned competitors in the restaurant industry.

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

# CHAIRMAN'S LETTER TO SHAREHOLDERS

cont'd

“

**Preserving the rich traditions of Chinese cuisine, Oversea is known for its exquisite offering of traditional Cantonese specialties**

”

## OUR FORTHCOMING TWENTY-SECOND ("22ND") ANNUAL GENERAL MEETING ("AGM")

I wish to inform that the 22nd AGM of 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, Wilayah Persekutuan on Thursday, 24 August 2017 at 11:00 a.m.

At the forthcoming 22nd AGM, the following resolutions shall be put forward for your consideration:-

- Our Directors, namely Madam Lee Pek Yoke, Mr. Yu Tack Tein, Ms. Chui Mee Chuen and myself are offering ourselves for re-election/re-appointment at the 22nd AGM.
- Upon the review and recommendation of the Audit Committee, the Board will also recommended the re-appointment of Messrs. Crowe Horwath as External Auditors of the Company for the financial year ending 31 March 2018.
- As per the previous financial year, the proposed total Directors' fees for the financial year ended 31 March 2017 remained at RM108,000/-.
- The benefits payable to the Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Remuneration Committee ("RC") and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period of between 1 February 2017 to the next Annual General Meeting of the Company in year 2018. The benefits comprised solely of a single benefit-in-kind i.e. provision of motor vehicles to the Directors for their official usage.
- The Company would like to seek a general mandate from you to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("**General Mandate**"). The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting solely for such issuance and allotment of shares. This authority unless revoked or varied by the Company in a general meeting, will expire at the next AGM. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
- The Company would like to seek for a renewal as well as obtaining new shareholders' mandate from you in order to enable the Company and its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

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

The 22nd AGM of the Company represents an important opportunity for all shareholders to express their views by asking questions on the above resolutions and/or any other topic relevant to our business and resolutions. As provided under the Companies Act 2016, at the forthcoming 22nd AGM, you shall have the right to attend, speak, participate and vote at the said Meeting, either in person or vide proxy(ies).

# CHAIRMAN'S LETTER TO SHAREHOLDERS

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cont'd

As in previous AGM, we will call for a poll on each resolution at the forthcoming 22nd AGM, which will administratively be conducted by the Poll Administrator upon the completion of deliberations on all resolutions. An independent scrutineer shall be appointed to verify and confirm the votes tabulated by the Poll Administrator.

If you are not able to attend the 22nd AGM, you may complete the Proxy Form in accordance with the instructions printed on the form and return it to the Registered Office of the Company located at D-3-1 & D-3A-1, Seri Gembira Avenue, Jalan Senang Ria, Taman Gembira, 58200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, i.e. **on or before Tuesday, 22 August 2017 at 11:00 a.m.**

In the event you have executed the Proxy Form but does not name any proxy, you shall be deemed to have appointed the Chairman of the Meeting as your proxy.

## APPRECIATION

My heartiest thanks goes out to our Board members for their expertise and guidance. I would also like to extend my deepest gratitude and appreciation for the loyalty, hard work, commitment and dedication of the management and the employees of our Group. Your co-operation and professional work ethics will be integral towards seeing our Group grows to greater heights of success.

On behalf of the Board of Directors, I would like to thank our shareholders, vendors, suppliers, business associates as well as policymakers, regulators and relevant Government agencies for their continued support.

Thank you.

Yours sincerely,

**YU SOO CHYE @ YEE SOO CHYE**  
*Chairman and Group Managing Director*  
31 July 2017

# MANAGEMENT DISCUSSION AND ANALYSIS



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

## **OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS**

Oversea Enterprise Berhad is a publicly traded company that, through its subsidiaries are principally engaged in the operation of "Restoran Oversea" chain of Chinese restaurants offering fine dining Cantonese cuisines, a la-carte dining as well as banquet functions. In addition, Oversea is also engaged in the operation of café and speciality outlets such as dim sum and bakery amongst other things. Oversea also manufactures seasonal confectioneries particularly moon cakes for the annual Mid-Autumn Festival which is sold locally as well as exported to Asian countries and other parts of the world such as United States of America and Australia.

Our objective is to provide our customers with highest quality and safest ingredients of product. Our manufacturing facility is accredited with HALAL by Jabatan Kemajuan Islam Malaysia (JAKIM) as well as Good Manufacturing Practice (GMP) and Makanan Selamat Tanggungjawab Industri (MeSTI) by Kementerian Kesihatan Malaysia.

The Group's vision is to transform the brand name "海外天 (Hae Way Tian)" into a leading quality household brandname in Asia by playing a leading role in the Asian food and beverage ("**F&B**") industry in producing quality, tasty and convenient food that brings a healthy balance and wellness to our customers. Our stores operate in both shoplots as well as shopping mall as part of our strategy to have a market presence in the urban as well as suburban areas within

Malaysia. Currently, the Company operated five (5) outlets including grand themed restaurants in Klang Valley, two (2) outlets in Ipoh and one (1) café each in Hong Kong and Taiwan respectively.

The restaurant and café are highly competitive with respect to quality, variety and price of food products offered. Oversea competes with a significant number of national and regional restaurants. Additionally there are many segments within the restaurant and café industry such as family dining, casual dining, full-service, fast casual and quick service restaurants, which often overlaps and provide competition for widely diverse restaurant concepts. The Group operate predominantly in the full-service segment of the industry.

Competition also exists in securing prime real estate location for new outlets, in hiring qualified employees, in advertising, in the attractiveness of facilities and with competitors having similar menu offerings or convenience. The Group faces the same competition for its retail of seasonal confectionery products with its extensive distribution networks in major shopping malls all over Malaysia and overseas.

Thus the restaurant and retail industries are often affected by changes in customer taste and preference, economic condition be it locally or regionally, locations of competing restaurants and retailers as well as customers' discretionary purchasing power.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## KEY PERFORMANCE INDICATORS

The management of Oversea utilises a number of key performance measures to evaluate the operational and financial performance including amongst other indicators:-

- Preset Gross Profit Margins for food service providers. This measure aid in controlling of cost of food and cost control measures.
- Average spending per guest is used to analyse the \$ spent per guest in our outlets for ala-carte dine in and banquet sales. This measure aids the management in identifying trends in guest preferences as well as effectiveness of sales campaign and new introduction of menus.
- For the retail segment, the management utilises the store performance operating margins defined as the total revenue per store or counter less cost of goods sold, direct labour and other direct expenses as counter fees and promotional discount attributable to the particular store or counter. It is a primary measure of operating profitability.

## STRATEGIES IN VALUE CREATION

Management believes that “海外天 (Hae Way Tian)” and “OVERSEA” brand remains one of the strongest and most differentiated brands in the food services industry. Our strategy over the long term revolves around four (4) pillars of thrust namely:-

- 1<sup>st</sup> Pillar Thrust – Restaurant
- 2<sup>nd</sup> Pillar Thrust – Manufacturing
- 3<sup>rd</sup> Pillar Thrust – Retail
- 4<sup>th</sup> Pillar Thrust – Academy

Each individual pillar of thrust adopts a near term, mid-term and long term outlook, in which the Company constantly monitor on a periodic basis.

Our 1<sup>st</sup> pillar focuses on the core business with the intention of enhancing as well as extension of the particular segment of business. This pillar encompasses the key sales of our business including menu innovation, marketing programmes and cost-saving initiatives.

Our 2<sup>nd</sup> pillar focuses on the manufacturing ability to fully utilise the plant for whole year product instead of seasonal production cycles. The manufacturing segment main thrust would be developing and bringing to market a new concept or product and at the same time leveraging on the Groups branding while providing customers with product differentiation.

Our 3<sup>rd</sup> strategic pillar is an extension of the manufacturing segment to promote premium lifestyle foodstuff. This segment was created to extend our reach into more metropolitan locations and attract new guests. Whilst do not expect it to have a material financial impact in the mid-term outlook but the Group are excited about this new concept and vision.

Our 4<sup>th</sup> pillar is the creation of academy for training excellence which is essentially a new business for the Group. In order for the Group to expand, the academy would provide qualified employees to address the manpower requirements. The Group strongly believe that our continued focus on the long term strategy will contribute to revenue growth and higher operating margin.

## FINANCIAL HIGHLIGHTS

Period	Year ended 31 March				
	2017	2016	2015	2014	2013
Revenue (RM'000)	60,044	61,056	62,371	65,475	67,073
Profit/(Loss) Before Taxation (RM'000)	1,052	(2,163)	1,725	5,141	(3,650)
Profit/(Loss) After Taxation (RM'000)	459	(3,085)	541	3,349	(4,510)
Earnings/(Loss) Per Share (Sen)	0.19	(1.28)	(0.24)	1.41	(1.80)

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## REVIEW OF FINANCIAL RESULTS

Period	Year ended 31 March		
	2017	2016	2015
<b>REVENUE</b>			
Restaurant	49,203,266	51,980,325	52,465,547
Manufacturing	18,530,535	15,421,911	17,120,138
Others	53,073	762,990	3,147,457
Eliminations	(7,742,876)	(7,109,126)	(10,362,634)
Consolidated	60,043,998	61,056,100	62,370,508
<b>PROFIT/(LOSS) BEFORE TAX</b>			
Restaurant	(217,027)	(11,312)	1,519,824
Manufacturing	1,573,799	843,377	1,046,471
Others	(692,774)	(1,552,745)	1,658,214
Eliminations	387,603	(1,442,716)	(2,500,000)
Consolidated	1,051,601	(2,163,396)	1,724,509
<b>INCOME TAX</b>	(592,708)	(921,640)	(1,183,325)
<b>PROFIT/(LOSS) AFTER TAX</b>	458,893	(3,085,036)	541,184

The Group's revenue decreased from RM61.1 million to RM60.0 million during the financial year ended 31 March 2017 ("FY2017") representing a decrease of 1.7% as compared to the previous financial year. The decrease in revenue was mainly due to the restaurant segment. The closure of non-performing café outlet in the previous year also attributed to the decrease in revenue.

The Group's profit before tax increased from loss before tax of RM2.2 million in the previous year to RM1.1 million for the FY2017 mainly due to a provision for doubtful debts of RM1.9 million and a provision for impairment on investment of RM0.7 million in the previous financial year.

Operating expenses such as administrative expenses including sales and marketing expenses decreased in tandem with the closure of non-performing café outlets in the previous year.

## REVIEW OF OPERATING ACTIVITIES

In year 2016 and 2017, the Group have offered seasonal menu promotion such as "Wine & Dine" for our raving fans to receive an authentic "Restoran Oversea" dining experience. In addition to enhancing the core business, Oversea had entered into a business venture with strategic partners to develop new eateries outlet utilising the Group's vast and extensive experience in the F&B industry. The Group have successfully launched two (2) casual dining outlets in Genting Highlands under the name of Wanhui GH Sdn. Bhd. and Taibae Sdn. Bhd. as well as quick service outlet in Kuala Lumpur International Airport 2 (KLIA2) under Santai Gateway Sdn. Bhd. Other new restaurant openings include Santai GPO Sdn. Bhd. in Genting Highland which commenced operations on 15 June 2017, and Santai Melawati Sdn. Bhd. in Melawati Mall slated to be operational later in 2017.

During the FY2017, the Group incurred higher labour cost due to the action taken by Ministry of Home Affairs, which is the freeze of the intake of foreign workers in the service sector. Thus, resulting in engagement of labour outsourcing agency with higher cost. In view of the current trend and Government intention to transform the nation into high income economy, the management is looking into solutions to reduce labour dependencies through simplifying operating processes and leverage on new technology.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## ANTICIPATED OR KNOWN RISKS

### Competition Risk

Generally all operators of the food services including Chinese restaurants in Malaysia face normal competitive conditions namely brandname and market reputation, quality of products and services and economies of scale. Barriers to entry into the operation of Chinese restaurants are relatively low for operators with single outlet. This is substantiated by the large number of operators in the industry. However, operators with a network of chained outlets will have an advantage over smaller players due to economies of scales, thereby reducing operating costs and improving profit margins. Oversea Group has built significantly on the “海外天 (Hae Way Tian)” brand equity, which includes a high level of brand awareness and customer loyalty and is associated with fine Chinese dining and high quality food, providing the Group with a key competitive advantage to compete effectively within the Food Services Industry.

### Seasonality

Generally, there is no seasonality for our chain Chinese restaurants with the exception of banquet operations where the business encounters a slowdown during the month of May to July due to inauspicious Lunar Calendar and peaks between October and February. The peaks were due to festive seasons as well as yearend banquets including wedding functions, which are usually held during the months of October and February. As for the manufacturing concern, the Group currently operating for about five (5) months within a year commonly between May and September, prior to the Mid-Autumn Festival.

### Foreign Currency Exchange Risk

A portion of the Group's investments consist of activities outside Malaysia, thus the Group have currency risk on the transactions in other currencies and translation adjustments resulting from the conversion of our results in Ringgit Malaysia (“RM”). However, majority of the Group's operations and investment activities are transacted in RM, and therefore the foreign currency risk is limited at this date of report. The Group attempt to minimise the exposure related to our operations by purchasing goods or services from third parties in local currencies where practical.

### Single Customer Risk

Our customers for food services outlets including restaurants, café and dim sum are mainly end consumers. As for the manufacturing of moon cakes and other baked products, it is generally segregated to domestic and export market. The domestic market comprises retailers such as hypermarkets, supermarkets, mini markets and Chinese medical halls, distributors and wholesalers as well as corporate clients and end consumers. The trade customers for the FY2017 represented approximately 10% of our Group's total revenue amounting to RM6 million. The Group enjoys a stable business relationship with our trade customers. This is reflected by the fact that our top twenty (20) trade customers have been dealing with us for more than ten (10) years.

### Raw Material Price Risk

Many of the food products and packaging materials that we purchased are subject to price volatility, exchange rates, foreign demand, weather, seasonality and availability and other factors outside our control and which are generally unpredictable. The following table highlights the food categories which accounted for the largest shares of our purchases of Malaysian restaurant operations for the past three (3) years:-

	Year ended 31 March		
	2017	2016	2015
Seafood	21%	26%	32%
Vegetables	8%	8%	7%
Dried seafood	17%	14%	17%

Generally the Group's purchases of food products are based on generally available products, and should any existing supplier fail, or are unable to deliver in quantities required by us, the Group believe that there are sufficient other quality suppliers in the marketplace that the Group's source of supply can be replaced as necessary and thus to avoid any adverse effects that could be caused by such unavailability. In many cases, or over a longer term, the Group believe the Group will be able to pass through some or much of the increased commodity costs by adjusting the menu and retail pricing. However, under competitive circumstances, price volatility may limit menu price and retail pricing flexibility and in those instances, increases in commodity prices can result in lower margins.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## FUTURE PROSPECTS

The Company had consolidated its investment in various F&B models and is focussing on selected business format. Changes are bound to happen and these change mean that the Group need to re-evaluate our business format and approach, hence the Group are targeting on specific areas that have proven to be key assets within the Group as well as emerging assets with potential to grow the Company.

Subsequent to the FY2017, the management had decided to relocate our operation for Restoran Oversea (PJ) Sdn. Bhd. located in Hotel Armada, Petaling Jaya due to unfavourable renewal of tenancy terms and conditions. The said outlet performance in sales is dropping due to major traffic flow change, resulting in difficulty for customers to access the restaurant. The Group are in the phase of exploring and negotiating suitable replacement outlet in Petaling Jaya.

On the local operations of the F&B, the Group expects the demand to remain steady in certain existing outlets and the Group have plans to expand on the “海外天 (Hae Way Tian)” brand name in the same vicinity. The Group is currently in negotiation to open additional outlets in high traffic area to further capitalise on the branding. On the manufacturing front, the Group are working on internal efficiencies to further reduce operational cost and are actively pursuing research and development of new products to increase our plant utilisation.

In view of the above initiatives, the Group envisages that the level of sales and profitability to increase in the financial year ending 31 March 2018. However, there are risks and uncertainties associated with the Group and Industry which include amongst other things, changes in effective tax rates, the Group's ability to secure said location for new openings and securing favourable economic terms. The Group expect the year to be challenging due to global and domestic uncertainties, weak consumer sentiment, increase in regulatory requirements but will nevertheless continue to leverage on current brand name thus strengthening our iconic portfolio and investing in the development of our people skills.

## DIVIDEND

The Group does not have a policy with regards to dividend and dividend payment shall depend upon earnings, capital commitments and general financial conditions. Henceforth, in view of the future requirement the Directors do not recommend the payment of any final dividend for the current financial year.

## CONCLUSION

The performance of the Group will continue to be affected by factors such as the vitality of the domestic consumer sentiments and their spending power arising from the prevalent economy conditions. Shareholders can be rest assured that the Executive Management will continue to implement prudent strategies in all its business activities.

For and on behalf of the Executive Management

**Yu Soo Chye @ Yee Soo Chye**  
*Group Managing Director*



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY



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

<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Good manufacturing practices (“GMP”)</li> <li>• Environmental-friendly practices</li> </ul>	<p><b>Marketplace</b></p> <ul style="list-style-type: none"> <li>• Corporate disclosure practices</li> <li>• Dedicated sections at corporate website</li> <li>• Food control aspect</li> </ul>
<p><b>Workplace</b></p> <ul style="list-style-type: none"> <li>• Healthy and safe working environment</li> <li>• Employees’ well being</li> <li>• Training and development</li> <li>• Workplace diversity</li> </ul>	<p><b>Community</b></p> <ul style="list-style-type: none"> <li>• Charity events</li> <li>• Blood donation campaigns</li> </ul>

Oversea Enterprise Berhad (“Oversea” or “the Company”) and Group (“our Group”) recognises the importance of Corporate Social Responsibility (“CSR”) as an integral part of business to enhance stakeholders’ confidence and social accountability. Although our Group yet to have a formal CSR policy but our Group endeavour to contribute to a sustainable and better future. During the financial year under review, our Group continued to undertake various corporate responsibility initiatives that created value in the areas of the environment, marketplace, workplace and the community at large.

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

## THE ENVIRONMENT

Being in the food service and manufacturing business, our Group has constantly been seeking ways to minimise our environment footprint to ensure the long term sustainability.

### GMP

Haewaytian Cake House Sdn. Bhd., our flagship manufacturing company, maintains a GMP Certificate and MeSTI (Makanan Selamat Tanggungjawab Industri) accorded by the Ministry of Health, Malaysia. In addition, the manufacturing division is also committed to the provision of products in accordance with the HALAL standard accredited by the Department of Islamic Development Malaysia (JAKIM).



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

cont'd

## Environmental-friendly Practices

### (a) Waste treatment

In ensuring the manufacturing operation remain environmental friendly, the Management comply strictly with the applicable industry standard and regulations on environmental, to avoid any contamination from its production effluents. Proper examination is carried out to ensure the waste water treatment facilities at the production plant is functioning well, where wastewater is treated before it can be released to the local environment.

### (b) Greener packaging

In promoting a greener earth, the Group reduced the usage of plastic and paper bags by switching to non-woven polypropylene bags for its huge volume of seasonal moon cake products. Such environmental-friendly initiative helps to decrease pollutants and minimise environmental impact.

### (c) Reduced power consumption

Aside from the manufacturing segment, our Group also considered the environmental impact in the restaurant outlets and the office. LED lights with energy efficient are now replacing fluorescent lights as less energy use will resulting in reducing electricity consumption and decreases greenhouse gas emissions. Enable sleep mode and power saver features on computers and other equipment helped to reduce power consumption when these items are not in use.

### (d) Reduced paper consumption

Staff were encouraged to use scrap paper for internal notes and printing using recycle papers whenever possible.

## MARKETPLACE

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

### (a) Corporate disclosure practices

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

### (b) Dedicated sections at corporate website

Our Group has been using its corporate website at [www.oversea.com.my](http://www.oversea.com.my) to communicate its overview of the Group, announcements, Directors' profile and etc. provides the public with convenient and timely access to business updates, and financial and non-financial information.

The Company has created a dedicated section "Investor Relations" to ensure more effective dissemination of information.

### (c) Food control aspect

As restaurant operators and manufacturers of food products, Our Group also takes a broad view of the food control aspect which includes factors such as quality, safety, nutrition of the raw materials and the end products, and value of the products involving attributes such as convenience, packaging and shelf-life.



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

cont'd

## WORKPLACE

### (a) Healthy and safe working environment

Our Group is committed to provide a safe and healthy working environment to ensure high level of safety and well-being of employees at work.



### (b) Employees' well being

Our Group aims to create a positive work culture in the workplace where our employees were able to constantly learn new knowledge and skills to improve their efficiency in carrying out their duties.



### (c) Training and development

Our Group through the in-house training division, Oversea Training Academy, planned and conducted various training programmes to restaurant and factory employees.

In strengthening the workforce of the administrative employees, Our Group also sourced for external training programmes for employees to enhance their job-related skills and competency in line with the changes in the regulations, to gain new knowledge from the new development of technology and provide career advancement opportunities.

During the financial year under review, the employees of the Group have attended the following trainings:-

No.	Training Programme	No. of Participants
1.	Food Hygiene and Safety	90
2.	Product Knowledge and Operating of POS System (Moon Cake)	12
3.	Banquet Management - The Roles of Zone Leader	11
4.	Personal Hygiene and Product Safety	51

### (d) Workplace Diversity

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

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

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

#### Gender diversity

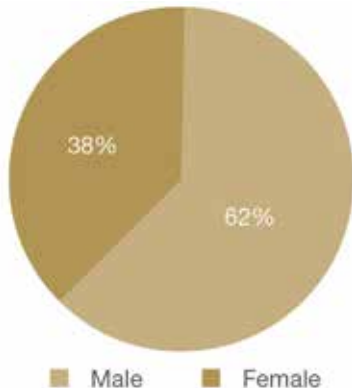
As at 30 June 2017, our Group's female to male employee ratio shows a distribution of 38:62 in the workforce, well exceeded the government's initiative to achieve 30% women participation in the workplace. Our Group is committed to recruit and retain women who are keen to re-enter the workforce.



# SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

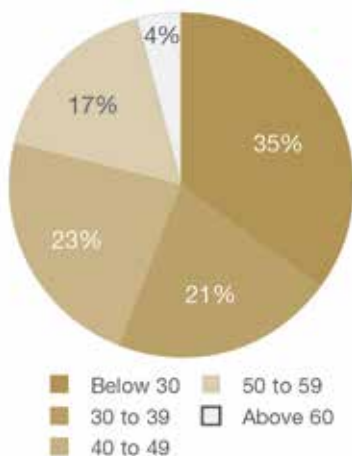
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## Workforce in terms of gender



## Age diversity

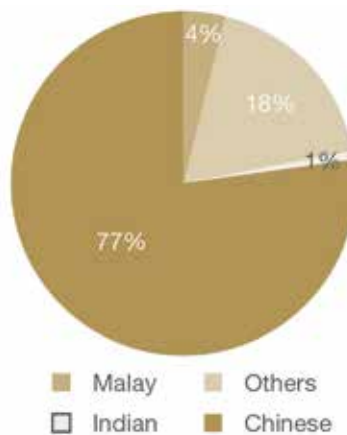
As at 30 June 2017, 35% of our Group's employees belong to the age group of below thirty (30) with the second largest age group being those aged between forty (40) to forty-nine (49) (23%). Our Group's age demographics broadly reflected those of Malaysia where the younger age employees form the majority of the workforce.



## Ethnicity diversity

As at 30 June 2017, employees of Chinese ethnicity constituted the largest workforce of our Group at 77% due to the inherent nature of the business activities of our Group where certain proficiency in Chinese language and/or Mandarin dialect were expected of the front line employees. In addition,

an interest in or knowledge on the Cantonese cuisine would also be a contributing factor. Notwithstanding with the current composition, The Group Human Resource Department has endeavoured to achieve well balance hiring of staff during the recruitment process.



## COMMUNITY

The Group recognises the co-relationship between business and social well-being. As a socially responsible entrepreneur, the Company has consider their obligation to benefit the community by enhancing community sustainability through various activities and actions that aim to promote community engagement and address the needs of the less fortunate. The initiatives undertaken by our Group since the last Annual Report included:-



## (a) Charity events

In 20 November 2016, the Company has participated in a charity sales event and sponsored 100 cartons of Egg Rolls to a primary school located in Jinjang, Kuala Lumpur for the purpose of fund-raising for the school activities and facilities.

In addition, during the Mid-Autumn festival, the Company has distributed moon cakes to the neighbouring communities.

## (b) Blood donation campaigns

The Company has organised blood donation drive' campaigns with Malaysia Blood Donation Association and Pusat Darah Negara on 26 November 2016 and 10 June 2017, respectively, to assist in the replenishment of blood supply in the blood bank.

## CONCLUSION

Our Group has always recognised CSR as key factor to sustainability and the importance and impact of sustainability to our businesses. Our Group is committed to understand and implement sustainable practices and to explore the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of Shareholders and stakeholders and economic success.

# BOARD OF DIRECTORS' PROFILE

## YU SOO CHYE @ YEE SOO CHYE

*Chairman/Group Managing Director*

*Age 72, Malaysian, Male*

**Date of appointment as Director** : 6 November 2009

**Length of service as director since appointment (as at 31 July 2017)** : 7 years 8 months

**Board Committee(s) served on** : • Member of the Remuneration Committee  
• Chairman of the Investment Committee

**Academic/Professional Qualification(s)** : • Elementary education

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Mr. Yu is a substantial shareholder of the Company.

He is the husband of Madam Lee Pek Yoke (substantial shareholder and Director), father of Mr. Yu Tack Tein (Director) and Ms. Yu Suat Yin (Alternate Director), and the brother-in-law of Mr. Khong Yik Kam (Director), Mr. Lee Seng Fan (substantial shareholder and Director) and Mr. Lee Seng Pun (substantial shareholder).

### Working experience:

Mr. Yu has more than fifty (50) 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 (6) 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 Consultant 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 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.

### Time committed:

Mr. Yu attended three (3) out of the four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

# BOARD OF DIRECTORS' PROFILE

cont'd

## LEE PEK YOKE

*Executive Director*

*Age 63, Malaysian, Female*

**Date of appointment as Director** : 6 November 2009

**Length of service as director since appointment (as at 31 July 2017)** : 7 years 8 months

**Board Committee(s) served on** : Nil

**Academic/Professional Qualification(s)** : • Elementary education

**Present Directorship(s) in other Public/Listed Companies** : She has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Madam Lee is a substantial shareholder of the Company.

She is the wife of Mr. Yu Soo Chye @ Yee Soo Chye (substantial shareholder and Director), mother of Mr. Yu Tack Tein (Director) and Ms. Yu Suat Yin (Alternate Director), sister of Mr. Lee Seng Fan (substantial shareholder and Director), and Mr. Lee Seng Pun (substantial shareholder), and sister-in-law of Mr. Khong Yik Kam (Director).

### Working experience:

Madam 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 forty (40) 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.

### Time committed:

Madam Lee attended three (3) out of the four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

# BOARD OF DIRECTORS' PROFILE

cont'd

## **KHONG YIK KAM**

*Executive Director*  
Age 68, Malaysian, Male

**Date of appointment as Director** : 6 November 2009

**Length of service as director since appointment (as at 31 July 2017)** : 7 years 8 months

**Board Committee(s) served on** : Nil

**Academic/ Professional Qualification(s)** : • Senior Middle Three in Chinese Independent High School

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye (substantial shareholder and Director), Madam Lee Pek Yoke (substantial shareholder and Director), Mr. Lee Seng Fan (substantial shareholder and Director) and Mr. Lee Seng Pun (substantial shareholder) and uncle of Mr. Yu Tack Tein (Director) and Ms. Yu Suat Yin (Alternate Director).

### **Working experience:**

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-two (32) years of experience in the Chinese restaurant industry in Malaysia. Currently, he is mainly responsible for the operational functions of our Group including overseeing the maintenance of the equipment and tools, management of licenses and banking facilities.

### **Time committed:**

Mr. Khong attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

## **LEE SENG FAN**

*Executive Director*  
Age 51, Malaysian, Male

**Date of appointment as Director** : 6 November 2009

**Length of service as director since appointment (as at 31 July 2017)** : 7 years 8 months

**Board Committee(s) served on** : Nil

**Academic/ Professional Qualification(s)** : • Senior Middle Four in Chinese Independent High School

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye (substantial shareholder and Director) and Mr. Khong Yik Kam (Director), brother to Madam Lee Pek Yoke (substantial shareholder and Director) and Mr. Lee Seng Pun (substantial shareholder), and uncle of Mr. Yu Tack Tein (Director) and Ms. Yu Suat Yin (Alternate Director).

### **Working experience:**

Mr. Lee started his career in 1986 when he joined Oversea Group as a chef and is currently the Chief Chef of the Group. He has more than thirty (30) 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.

### **Time committed:**

Mr. Lee attended three (3) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

# BOARD OF DIRECTORS' PROFILE

cont'd

## YU TACK TEIN

*Executive Director*  
Age 43, Malaysian, Male

**Date of appointment as Director** : 21 February 2014

**Length of service as director since appointment (as at 31 July 2017)** : 3 years 5 months

Mr. Yu was appointed as Alternate Director to Madam Lee Pek Yoke on 4 May 2012 and subsequently be appointed as an Executive Director to the Board on 21 February 2014.

**Board Committee(s) served on** : • Member of the Investment Committee

**Academic/ Professional Qualification(s)** : • Bachelor of Engineering Degree from Loughborough University, United Kingdom in 1997

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/ or major shareholder of the Company** : He is the son of Mr. Yu Soo Chye @ Yee Soo Chye (substantial shareholder and Director) and Madam Lee Pek Yoke (substantial shareholder and Director), brother of Ms. Yu Suat Yin (Alternate Director), and nephew of Mr. Khong Yik Kam (Director), Mr. Lee Seng Fan (substantial shareholder and Director) and Mr. Lee Seng Pun (substantial shareholder).

### Working experience:

His career started in 1998 when he joined Seacera Tiles Berhad as Production Executive. Subsequently in 2001, he joined Oversea Group as the Business Development Manager. He has approximately sixteen (16) years of experience in the Chinese restaurant industry in Malaysia. Currently, he is mainly responsible for developing the Group's business and investment plans and execution of business strategies.

### Time committed:

Mr. Yu attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

## CHIAM SOON HOCK

*Independent Non-Executive Director*  
Age 69, Malaysian, Male

**Date of appointment as Director** : 6 November 2009

**Length of service as director since appointment (as at 31 July 2017)** : 7 years 8 months

**Board Committee(s) served on** : • Chairman of the Remuneration Committee  
• Chairman of the Risk Management Committee  
• Member of the Audit Committee  
• Member of the Nominating Committee

**Academic/ Professional Qualification(s)** : • Bachelor of Engineering (Civil) honours degree from the University of Malaya in 1973  
• Master of Science (Planning) degree from the University of Science Malaysia in 1975  
• Post-Graduate Diploma (Public Administration) from the Pennsylvania State University, US in 1988

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/ or major shareholder of the Company** : Nil

### Working experience:

He has served City Hall Kuala Lumpur for twenty-nine (29) years and retired in 2004 as a Director of Planning and Building Control Department. He was also a professional town planner registered with the Board of Town Planners of Malaysia and a Fellow of the Malaysian Institute of Planners.

### Time committed:

Mr. Chiam attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.



# BOARD OF DIRECTORS' PROFILE

cont'd

## **KOONG LIN LOONG**

*Independent Non-Executive Director*

*Age 53, Malaysian, Male*

**Date of appointment as Director** : 6 November 2009

**Length of service as director since appointment (as at 31 July 2017)** : 7 years 8 months

**Board Committee(s) served on** : 

- Chairman of the Audit Committee
- Member of the Nominating Committee

**Academic/Professional Qualification(s)** : 

- Chartered Management Accountant in the United Kingdom
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Certified Practising Accountants Australia (CPA Australia)
- Fellow member of Chartered Tax Institute of Malaysia (CTIM)

**Present Directorship(s) in other Public/Listed Companies** : Listed Public Company: Ideal Jacobs (Malaysia) Corporation Berhad

**Family relationship with any Director and/or major shareholder of the Company** : Nil

### **Working experience:**

He is 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 also 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 Advisory Board Member of Secretariat for the Advancement of Malaysian Entrepreneurs, Prime Minister's Department; Council Member of CTIM and Chairman of its Membership Committee; Board Member & Audit Committee Chairman of SME Corp, Ministry of International Trade and Industry of Malaysia.

Currently, 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.

### **Time committed:**

Mr. Koong attended three (3) out of four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

# BOARD OF DIRECTORS' PROFILE

cont'd

## CHUI MEE CHUEN

*Independent Non-Executive Director*

*(Appointed w.e.f. 29 March 2017)*

*Age 39, Malaysian, Female*

**Date of appointment as Director** : 29 March 2017

**Length of service as director since appointment (as at 31 July 2017)** : 4 months

**Board Committee(s) served on** : 

- Chairperson of the Nominating Committee
- Member of the Audit Committee
- Member of the Remuneration Committee

**Academic/Professional Qualification(s)** : 

- Advanced Diploma in Accountancy from Tunku Abdul Rahman University College (formerly known as Tunku Abdul Rahman College)
- Fellow member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)

**Present Directorship(s) in other Public/Listed Companies** : She has no directorship in any other public companies or listed corporations in Malaysia

**Family relationship with any Director and/or major shareholder of the Company** : Nil

### Working experience:

Ms. Chui started her career as Audit Assistant with RSM Robert Teo, Kuan & Co. She joined Crowe Horwath as Audit Assistant in 2005 and left as Audit Senior (Platoon Leader) in 2008. She then joined In-Fusion Solutions Sdn Bhd, a company principally involved in the provision of education and education technology solutions, as Assistant Manager, Corporate Planning.

In 2009, she left In-Fusion Solutions Sdn Bhd to join Pearl River Tyre (Holdings) Limited (presently known as Han Tang International Holdings Limited), a company listed on the Hong Kong Stock Exchange, as the Financial Controller. During her tenure with Pearl River Tyre (Holdings) Ltd, a company principally involved in manufacturing of tyre for commercial vehicles, she was involved in the preparation of group accounts and interim financial reports, handling both the internal and external auditors of companies within the group as well as tax planning and annual budget planning. Subsequently, she joined Foshan Niro Ceramic Building Materials Trading Co Ltd in China, a company principally involved in trading of tiles and sanitary ware, as its Finance Manager in 2014, where she led the finance department in preparing financial reports, performing budget variance analysis, as well as reviewing and implementing improved internal control procedures.

In 2015, Ms. Chui returned to Malaysia and joined HLT Global Berhad as Chief Financial Officer, bringing with her over ten (10) years of local and international experience in the areas of finance, accounting, cross border tax, internal control and corporate affairs.

### Time committed:

Ms. Chui was appointed on 29 March 2017 and has not attended any Board of Directors' Meeting of the Company held in the financial year ended 31 March 2017.

# BOARD OF DIRECTORS' PROFILE

cont'd

## YU SUAT YIN

*Alternate Director to Madam Lee Pek Yoke,*

*Executive Director*

*Age 42, Malaysian, Female*

**Date of appointment as Director** : 21 February 2014

**Length of service as director since appointment (as at 31 July 2017)** : 3 years 5 months

**Board Committee(s) served on** : 

- Member of the Investment Committee
- Member of the Risk Management Committee

**Academic/Professional Qualification(s)** : 

- Bachelor of Accounting and Financial Management Degree from University of Buckingham, United Kingdom

**Present Directorship(s) in other Public/Listed Companies** : She has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : She is the daughter of Mr. Yu Soo Chye @ Yee Soo Chye (substantial shareholder and Director) and Madam Lee Pek Yoke (substantial shareholder and Director), sister of Mr. Yu Tack Tein (Director) and niece of Mr. Khong Yik Kam (Director), Mr. Lee Seng Fan (substantial shareholder and Director) and Mr. Lee Seng Pun (substantial shareholder).

### Working experience:

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. She has accumulated eighteen (18) years of experience in managing the Chinese restaurant operation and assisting in the management of the kitchen since 2012. She is also involved in the new business development of the Group.

### Time committed:

Ms. Yu attended all four (4) Board of Directors' Meetings of the Company held in the financial year ended 31 March 2017.

### Other Information on Directors

- 1) *Other than traffic offences, if any, none of the Directors have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2017.*
- 2) *None of the Directors have any conflict of interest with the Company.*

## KEY SENIOR MANAGEMENT'S PROFILE

### YAP TECK BENG

*Group General Manager*  
Age 45, Malaysian, Male

**Date of appointment as Group General Manager** : 5 February 1998

**Academic/ Professional Qualification(s)** : • Member of the Association of Chartered Certified Accountants (ACCA)

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Nil

#### Working experience:

His career started in 1992 when he joined Paul Chuah & Co as Audit Assistant. In 1996, he left and joined Peter Chong & Co as a Senior Auditor. In 1997, he left and took up the position as Corporate Development Manager with Oversea Group. Subsequently in 1998, he was promoted to the position of Group General Manager.

With over twenty (20) years with the Group, he has gained a broad range of extensive experience in operating and managing the Group's local and overseas business operations as well as the Group's investment. He is also involving in the planning, executing and monitoring the Group's business strategies as well as overseeing the sales operations.

Mr. Yap is a member of the Investment Committee and Risk Management Committee.

#### List of convictions for offences:

Other than traffic offences, if any, Mr. Yap does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2017.

#### Conflict of Interest:

Nil

### SOH JIN YIAT

*Deputy Group General Manager*  
Age 48, Malaysian, Male

**Date of appointment as Deputy Group General Manager** : 1 November 2006

**Academic/ Professional Qualification(s)** : • Member of the Chartered Institute of Management Accountant (CIMA)

**Present Directorship(s) in other Public/Listed Companies** : He has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/or major shareholder of the Company** : Nil

#### Working experience:

His career started in 1994, when he joined Paul Chuah & Co as Audit Senior. Subsequently in 1996, he left and joined Bains Harding (M) Sdn. Bhd. as Assistant Cost Consultant. In 1997, he left and took up the position as Finance Manager with Mobility Avenue Sdn Bhd. Between 1998 and 2003, he was with Oversea Group as the Finance Manager. In 2003, he left Oversea Group and re-joined Oversea Group in 2005 as Factory Manager and was subsequently promoted to Deputy Group General Manager in 2006. Currently, he is mainly responsible for the overall management and execution of business plans and strategies and also overseeing the manufacturing operations.

Mr. Soh is a member of the Risk Management Committee.

#### List of convictions for offences:

Other than traffic offences, if any, Mr. Soh does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2017.

#### Conflict of Interest:

Nil

# KEY SENIOR MANAGEMENT'S PROFILE

cont'd

## LEE FUI MENG

*Group Finance Manager*

*Age 40, Malaysian, Female*

**Date of appointment as Group Finance Manager** : 1 July 2014

**Academic/ Professional Qualification(s)** : 

- Bachelor of Business with honours in International Business from Universiti Malaysia Sabah
- Member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants (MIA)

**Present Directorship(s) in other Public/Listed Companies** : She has no directorship in any other public companies or listed corporations in Malaysia.

**Family relationship with any Director and/ or major shareholder of the Company** : Nil

### **Working experience:**

She was formerly a Senior Manager, Finance of RHB Investment Bank Berhad from 2011 to 2014. Prior to joining RHB Investment Bank Berhad, she was attached with RCE Capital Berhad, Ernst & Young and Hwa Tai Food Industries (Sabah) Sdn. Bhd. Her working experience covered the areas of hotel, automotive, retailing, property development, construction, manufacturing and trading.

### **List of convictions for offences:**

Other than traffic offences, if any, Ms. Lee does not have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for the financial year ended 31 March 2017.

### **Conflict of Interest:**

Nil

# STATEMENT OF CORPORATE GOVERNANCE

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## "The main thing is to keep the main thing main thing."

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

*Inspirational quote by Stephen R. Covey, motivational writer*

Drawing the inspiration from Mr. Stephen R. Covey, the Board of Directors ("the Board") of Oversea Enterprise Berhad ("Oversea" or "the Company") believe that in order to instill trust amongst its stakeholders, the "Main Thing" to do is to adopt a set of good corporate governance practices. The Board 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 shareholders value, whilst taking into account the interests of other stakeholders.

Setting out below is a statement aims to provide an insight on how the Group applied the principles and the extent of its compliance with the best practice as stipulated in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") under the leadership of the Board. Other than the Directors, all management staff are also reminded that good governance is also part of their responsibilities.

This statement also serves as a compliance with pursuant to Rule 15.25 of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear functions reserved for the Board and those delegated to the Management

#### The Board

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 include but not limited to the followings:

- i. Approval of business strategies and plans;
- ii. Approval of Group annual budget;
- iii. Acquisitions and disposals that are material to the business;
- iv. Declaration of interim dividend and make recommendation of final dividend for approval by Shareholders;
- v. Material corporate exercise;
- vi. Approval of financial statements;
- vii. Investment in projects above a pre-determined limit;
- viii. Appointment of new Directors, Chief Executive Officer and other senior management positions based on recommendation of the Nominating Committee ("NC"); and
- ix. Related party transactions.

#### Board Committees

In order to effectively discharge the Board's functions and responsibilities, the Board entrusted certain responsibilities to the Board Committees and the Executive Directors. The Board Committees comprise Audit Committee ("AC"), Remuneration Committee ("RC"), NC, Risk Management Committee ("RMC") and Investment Committee which operate within their respective Terms of Reference ("TOR"). The Chairman of each of the Board Committees briefs at Board meetings on matters deliberated at the Board Committees.

#### Management Team

The Executive Directors are supported by the Key Senior Management team in managing the day-to-day business activities of the Group. The Key Senior Management team consists of senior employees holding the following positions:-

- (i) Yap Teck Beng - Group General Manager
- (ii) Soh Jin Yiat - Deputy Group General Manager
- (iii) Lee Fui Meng - Group Finance Manager

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.1 *Clear functions reserved for the Board and those delegated to the Management cont'd*

The individual profile of the Key Senior Management team is available for viewing at Pages 27 and 28 of this Annual Report.

The Group Managing Director reports to the Board significant issues and concerns relating to the business of the Group. The responsibilities of the Management, amongst others, are:

- i. Implement the approved strategies and plans of the Group;
- ii. Develop various policies and procedures and to ensure regulatory compliance;
- iii. Manage the Group's resources, such as financial, employees and assets;
- iv. Implement and manage the Group's risk management and internal control practices; and
- v. Provide the Board with accurate, timely and clear information to enable the Board to make decisions.

### 1.2 *Clear roles and responsibilities of the Board*

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

The Directors play an active role in formulating, reviewing and adopting the strategic plans for the Group. The Executive Directors and the Key Senior Management team work together to formulate the yearly strategies and plans for the Group for approval by the Directors.

The formulation of the business plans and budget setting for the financial year ended 31 March 2017 ("FY2017") commenced three (3) months before the beginning of the financial year. During the process of strategic planning, the Executive Directors met the Key Senior Management team several times to discuss important issues and concerns in order to deliver the best outcomes. Previous year's business performance, economic factors, change in market conditions and government regulations that may affect the performance of the businesses were taken into consideration in formulating the business plans and setting the Group budget.

For the FY2017, the Board has discharged of the following principal duties and responsibilities on the affairs of the Company and its subsidiary companies:-

#### i. Strategic Planning - Private Placement

The Company had on 23 September 2016 completed the Special Bumiputera Issue of 1,415,000 New Ordinary Shares of RM0.20 each in the Company to Bumiputera Investors identified and/or approved by the Ministry of International Trade and Industry.

#### ii. Strategic Planning - New Investment

Restoran Oversea JV (International) Sdn. Bhd., the subsidiary of the Company had on 15 August 2016 subscribed for 33.3% shares in Santaisan Sdn. Bhd. with intention to venture into new concept of café in Kuala Lumpur International Airport ("KLIA") 2 and Genting Highlands.

#### iii. Strategic Planning - New Outlets

Three (3) café outlets, namely WanHoi YAMCH'A and Taibae, both located at Sky Avenue, Genting Highlands and Santai YAMCH'A, located at KLIA 2 were successfully opened on 1 December 2016, 18 January 2017 and 6 January 2017, respectively.



# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.2 *Clear roles and responsibilities of the Board cont'd*

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

The Board has a collective responsibility and accountability in overseeing the businesses of the Group.

The Independent Non-Executive Directors bring independent judgment and objective views to decisions taken by the Board. The Group Managing Director, on the other hand, is supported by the Executive Directors and the Key Senior Management team for the day-to-day management of the business and operations of the Group by ensuring that effective systems, controls and resources are in place to execute business strategies and plans entrusted to them. The Key Senior Management team highlights to the Executive Directors the significant operational issues and concerns arisen from the normal business operation and the progress of the key initiatives undertaken by them.

During the FY2017, the Executive Directors conducted quarterly Group performance and budget reviews together with the Key Senior Management team before AC and Board meetings. The Board monitors the performance of Key Senior Management team on a regular basis vide the insertion of the following agenda items in the Board Meetings:-

- “To review the financial performance for the quarterly financial period”; and
- “To receive the Progress Report on the Group for the quarterly financial period”.

The Key Senior Management team analysed the financial results and discussed on various operational issues and factors that affecting the businesses. Instructions were given by the Board to the Key Senior Management team to take necessary actions to rectify problems faced and preventive actions were taken to avoid recurrence of similar problems in future. Any enquiries/concerns raised by the Board members in relation to the abovementioned agenda items would be clarified by a member of the Key Senior Management team.

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

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover financial, operational and statutory compliance and appropriate actions shall be taken to mitigate risks.

The RMC leads by an Independent Non-Executive Director to assist the Board to oversee the risk management framework of the Group. The Chairman of the RMC reports to the Board on areas of high risk and the adequacy of compliance and control throughout the Group. A Steering Committee comprises of the Management staff from various departments was formed on 4 November 2016 to govern the risk management aspects of the respective departments. The Steering Committee is responsible to report to the RMC on key risks identified and action plans to mitigate such risks. As a result of the increased level of challenge, the RMC continues to devote additional effort, time and resources in managing risk.

The composition of the RMC and Steering Committee are as follows:-

#### RMC

<b>Office</b>	<b>Name and Designation</b>
Chairman	Chiam Soon Hock ( <i>Independent Non-Executive Director</i> )
Member	Yu Suat Yin ( <i>Vice President, Group Operation</i> )
Member	Yap Teck Beng ( <i>Group General Manager</i> )
Member	Soh Jin Yiat ( <i>Deputy Group General Manager</i> )



# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.2 *Clear roles and responsibilities of the Board cont'd*

#### (c) **Identifying principal risks and ensuring the implementation of appropriate systems and mitigation measures *cont'd***

##### Steering Committee

Office	Name and Designation
Chairman	Yap Teck Beng ( <i>Group General Manager</i> )
Member	Yu Suat Yin ( <i>Vice President, Group Operation</i> )
Member	Soh Jin Yiat ( <i>Deputy Group General Manager</i> )
Member	Chow Way Keong ( <i>Group Admin Manager</i> )
Member	Siew Lin Tai ( <i>Group Purchasing Manager</i> )
Member	Lee Fui Meng ( <i>Group Finance Manager</i> )
Member	Foo Chee Chung ( <i>Group MIS Manager</i> )
Member	Lee Ying Hoe ( <i>Group Marketing Manager</i> )
Member	Wong Mee Ling ( <i>Group Human Resource Manager</i> )

The Company has implemented the following measurements in order to mitigate the risks during the FY2017:-

- For the purpose of preventive action for hardware failure, to avoid frustrated customers and lost sales, the Group has signed up a point-of-sales system back-up plan to ensure no interruption to the restaurant business operation, especially during peak festive season in January and February.
- As part of the security measures, new firewalls for servers were installed to prevent malicious attacks or targeted cyber threats.

Notwithstanding with the delegation to the RMC, the Board as a whole remains responsible for all the actions of the RMC with regards to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Company's Annual Report.

#### (d) **Succession planning**

The Board is mindful that succession planning is an integral part of the business continuity plan of the Company in ensuring the Company continues to achieve its long-term objectives. The Board, through the NC, is responsible for the succession planning of the Directors of the Company and Group. The NC has been entrusted by the Board to identify and assess potential candidates for the position in the Board and Key Senior Management team. 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.

In March 2017, the NC was successfully identified a new candidate from external source to fill up the vacancy within a short period of time in place of the outgoing Independent Non-Executive Director. Prior the appointment of the new Director, the NC carried out the necessary evaluation to ensure the proposed candidate meets the criteria in terms of skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships in other companies, and also evaluated the proposed candidate's ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Director. Additionally, the NC has also taken into consideration the gender and age diversity as part of its evaluation process.

The NC had subsequently recommended to the Board for the appointment of the proposed candidate as Independent Non-Executive Director.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.2 *Clear roles and responsibilities of the Board cont'd*

#### (d) **Succession planning** *cont'd*

During the FY2017, Ms. Chui Mee Chuen has been appointed as Independent Non-Executive Director on 29 March 2017.

The NC will continue to perform its duty to identify potential candidates to ensure orderly succession of the position of the Board and Key Senior Management team.

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

The Board recognises the importance of an effective communication channel between the Board, Shareholders and the general public and shall inform in a timely manner to its Shareholders of its latest business and corporate developments in enhancing value to its shareholders.

In consequence thereto, the Board had a Shareholders' Communication Policy in place to provide guidance as well as ensuring a consistent approach towards the Company's communication with the Shareholders.

A copy of the Shareholders' Communication Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FY2017, the Company has implemented the following manners to communicate with its Shareholders:

##### i. General meeting

The Twenty-First ("21st") Annual General Meeting ("AGM") was held on 25 August 2016. The Chairman of the AGM allowed reasonable time for questions and answers session in the AGM to ensure that all subject matters tabled are thoroughly considered and debated. The summary of the key matters discussed at the AGM of the company was uploaded onto the company's website after the AGM.

##### ii. Announcements made to Bursa Securities

Annual Report, quarterly financial results and various announcements made to Bursa Securities in accordance with the ACE LR of Bursa Securities.

##### iii. Annual Report and Circular to Shareholders

The Annual Report for year 2016 and Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature, together with the notice of AGM were distributed to Shareholders on 29 July 2016.

##### iv. Company's website

All announcements released to Bursa Securities are also appear in the Company's website at [www.oversea.com.my](http://www.oversea.com.my). Shareholders and the general public may also access to the said website for information such as stock price, corporate information, financial information, Board Charter, TOR of the Board Committees, Annual Reports, outcome of the general meetings and other information.

##### v. Media release

Two (2) write-ups about the business of the Group were published on local newspapers in the months of September 2016 and February 2017, respectively and the clippings have been uploaded to the Company's website.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.2 *Clear roles and responsibilities of the Board cont'd*

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

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.

### 1.3 *Code of Ethics and Conduct*

The Directors and the employees of the Group are expected to behave ethically and professionally for or on behalf of the Company comply with the Code of Ethics and Conduct of the Company.

The Code of Ethics and Conduct for Directors 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 Ethics and 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 Ethics and Conduct will be communicated to new Director upon his/her appointment. All Directors are required to understand and accept the terms of the Code of Ethics and Conduct and it forms part of the Company's induction programme for newly appointed Directors. The contents of the Code of Ethic and Conduct as set out in the Board Charter are as follow:

#### (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 business of the Group 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 as Director;
- viii. Must not use price sensitive non-public information, which can affect the prices of the securities of the Company or make any gain from such information 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*

### 1.3 Code of Ethics and Conduct *cont'd*

#### (b) Relationship with Shareholders, Employees, Customers, Suppliers and Visitors

- 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 employees, customers, suppliers and visitors 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 well-being of the society; and
- iii. Care and proactive to the needs of the community and to assist in society-related programmes.

A copy of the Board Charter is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

#### Whistle Blowing Policy

The Whistle Blowing Policy is established to provide employees or stakeholders (shareholders, customers and suppliers) with proper internal reporting channels and guidance to raise genuine concerns on any wrongdoing or improper/unlawful conduct, inappropriate behaviour or malpractices within the Group or any action that could be harmful to the reputation of the Group or compromise the interests of the shareholders, stakeholders and the public.

#### (a) 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 this is not possible or appropriate to do so, the concern should be reported to the Group General Manager as follow:-

Name : Mr. Yap Teck Beng  
Email : [tbyap@oversea.com.my](mailto:tbyap@oversea.com.my)  
Mail : Oversea Enterprise Berhad  
D-3-1 & D-3A-1, Seri Gembira Avenue,  
Jalan Senang Ria, Taman Gembira,  
58200 Kuala Lumpur, Wilayah Persekutuan  
(Please mark "Strictly Confidential")

In case where reporting to the management is a concern, the report should be made directly to the Chairman of the AC. The channel of reporting is as follow:-

Name : Mr. Koong Lin Loong  
Email : [lkoong@lkg.com.my](mailto:lkoong@lkg.com.my)  
Mail : Oversea Enterprise Berhad  
D-3-1 & D-3A-1, Seri Gembira Avenue,  
Jalan Senang Ria, Taman Gembira,  
58200 Kuala Lumpur, Wilayah Persekutuan  
(Please mark "Strictly Confidential")

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.3 *Code of Ethics and Conduct cont'd*

#### (b) Action(s) to be taken upon received the report

- i. All reports will be investigated promptly by the authorised person receiving the report. If required, he/she may seek assistance from the legal adviser or the Human Resource Department. He/She may also co-opt with any other employees from time to time to assist on investigation;
- ii. All reports received anonymously will be treated with confidentiality;
- iii. The person making anonymous report will be advised that maintaining anonymity may hinder an investigation. Irrespective of this, anonymity will be maintained as long as it's permitted by law or the person making the report indicates that he no longer wishes to remain anonymous;
- iv. All matters reported will be reviewed and if required, investigated by the authorised person within reasonable timeframe;
- v. Upon completion of investigation, the authorised person will prepare and endorse the investigation report and give recommendation to the Audit Committee and Board of Directors for their deliberation. Decision taken by the Board will be implemented immediately; and
- vi. Where possible, proper steps will also be implemented to prevent similar situation arising.

#### (c) Investigation

Upon receipt of concerns raised under the Whistle Blowing Policy, investigation shall be carried out as soon as it is practicable. The objectives of conducting investigation are as follows:

- i. To collate information relating to the allegation. This may involve taking steps to protect or preserve documents or materials;
- ii. To consider the information collected and draw conclusions objectively and impartially;
- iii. To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and
- vi. To make recommendations to the relevant approving authority arising from the conclusions drawn concerning remedial or other appropriate actions.

At the conclusion of the investigation, the authorised investigator will submit his findings to the Group General Manager or the Chairman of the AC, as appropriate.

For FY2017, neither the Group General Manager nor the Chairman of the AC has received any report(s) of concern.

A copy of the Whistle Blowing Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

### 1.4 *Promote Sustainability*

The Group recognises the importance of promoting sustainability in regards to economic, environmental and social. It aims to follow and to promote good sustainability practices and continually integrates them into the Group's decision-making and activities, to avoid, minimise or mitigate adverse environmental, social or economic impacts of all our activities and to encourage our clients and business partners to do the same.

In upholding the commitment to sustainability, the Company is desirous to establish a Sustainability Policy with the guiding principles as follows:-

- i. To consider sustainability issues and integrate these considerations into all our business decisions, taking into consideration the economic, environmental and social aspects;
- ii. To ensure that potential adverse impacts and risks are assessed and avoided, or where avoidance is not possible, minimized, mitigated and managed;
- iii. Caring for the environment and promoting a culture of sustainability. Endeavour to remain environmentally friendly, avoid environmental contamination from its production effluents, efficient use and conservation of energy and resources and minimisation of waste;

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.4 *Promote Sustainability cont'd*

- iv. Create awareness of sustainability among the employees, business associates and the community;
- v. Create a motivated, skilled and effective workforce through which organizational goals can be achieved by providing various training programs to staffs to boost their career growth;
- vi. To contribute to the society by participating in community or charity activities;
- vii. To observe and comply with all applicable legislation, regulations and practices; and
- viii. To maintain and promote high standards of corporate governance at all times.

The Board is in the midst of finalising the Sustainability Policy. The corporate responsibility activities carried out during the FY2017 are set out in the Sustainability and Corporate Social Responsibility Report on pages 16 to 19 in this Annual Report.

### 1.5 *Access to information and advice*

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

During the FY2017, for each meetings, the meeting papers detailing the matters to be transacted at the meeting, had been circulated to all Directors three (3) days in advance of the meetings, so that the Directors have ample time to review and consider the relevant information.

#### **Protocol for seeking of professional advisory services**

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

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

For the FY2017, the Board sought advices from the external Company Secretaries. Other than the above, the Board has not sought any other independent professional advices.

### 1.6 *Qualified and competent Company Secretaries*

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

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

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

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.6 *Qualified and competent Company Secretaries cont'd*

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

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

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

#### **Ms. Chua Siew Chuan, FCIS**

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

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

Ms. Chua has been appointed as Company Secretary to the Group with effect from 1 November 2016.

#### **Mr. Cheng Chia Ping, ACIS**

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

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

Mr. Cheng has been appointed as Company Secretary to the Group with effect from 1 November 2016.

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

### 1.7 **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 ACE LR were taken into consideration during the process of formalising the Board Charter.

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. The Board Charter was reviewed and approved by the Board on 30 June 2016.



# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 1.7 *Board Charter cont'd*

The Board Charter entails the following:

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

A full copy of the Board Charter is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

## PRINCIPLE 2: STRENGTHEN COMPOSITION

### 2.1 *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.

#### (a) **Board Committees**

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

- i. AC;
- ii. NC;
- iii. RC;
- iv. RMC; and
- v. Investment Committee.

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



# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.1 *Composition of Board Committees cont'd*

#### (b) AC

The AC was set up on 6 November 2009 with current TOR revised on 30 June 2016.

The membership of the AC are stated in the AC Report of this Annual Report. A summary of works of the AC to discharge their duties during the FY2017 is set out in the AC Report of this Annual Report.

A copy of the TOR of the AC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

#### (c) NC

The NC was set up on 17 May 2010 with current TOR revised on 30 June 2016. The NC comprises exclusively of Independent Non-Executive Directors as follows:-

NC	Designation	Directorate	Number of NC Meeting attended/held in the FY2017
Chui Mee Chuen (Appointed w.e.f. 29 March 2017)	Chairperson	Independent Non-Executive Director	-
Koong Lin Loong	Member	Independent Non-Executive Director	1/1
Chiam Soon Hock	Member	Independent Non-Executive Director	1/1

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

- i. To propose nominees for appointment to the Board and Board Committees as additional member or filling up vacancy. The NC should consider the candidates' skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships in companies outside the Group, and in the case of candidates for the position of Independent Non-Executive Director, the NC should ensure the candidate meets the requirements as an Independent Non-Executive Director;
- ii. To oversee the overall composition of the Board and Board Committees in terms of the structure, size and composition;
- iii. To assist the Board in carrying out annual assessment on the effectiveness of the Board and Board Committees and the performance of each Director;
- iv. To carry out annual assessment on the independence of the Independent Directors;
- v. To assess on an annual basis the tenure of an Independent Director, to ensure it does not exceed a cumulative term of nine (9) years;
- vi. To make recommendation to the Board concerning the re-election of any Director under the retirement by rotation; and
- vii. To identify and assess potential candidates for the position of the Board and key management, to ensure that an appropriate succession planning framework is in place.

A copy of the TOR of the NC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.1 *Composition of Board Committees cont'd*

#### (c) NC *cont'd*

Pursuant to Rule 15.08A(3) of the ACE LR of Bursa Securities, the summary of activities of the NC during the FY2017 were disclosed as follows:-

- i. Reviewed and confirmed the minutes of the NC Meeting held in financial year ended 31 March 2016;
- ii. Carried out necessary evaluation before appointing Ms. Chui Mee Chuen as an Independent Non-Executive Director;
- iii. Carried out annual assessment on the effectiveness of the Board, the contribution of each Director and the Board committees;
- iv. Recommended the re-election of Mr. Koong Lin Loong and Mr. Lee Seng Fan who retired pursuant to Article 85 of the Company's Articles of Association at the 21st AGM held on 25 August 2016; and
- v. Recommended the re-appointment of Mr. Yu Soo Chye @ Yee Soo Chye as Director of the Company pursuant to Section 129(2) of the now Repealed Companies Act, 1965 at the 21st AGM held on 25 August 2016.

The NC is mindful that policy on the tenure of the Independent Directors is necessary to be developed and the action for the development will be taken when appropriate.

#### (d) RC

The RC was set up on 17 May 2010 with current TOR revised on 30 June 2016. The RC comprises two (2) Non-Executive Directors and the Group Managing Director and the composition of the RC is as follows:-

RC	Designation	Directorate	Number of RC Meeting attended/held in the FY2017
Chiam Soon Hock	Chairman	Independent Non-Executive Director	1/1
Yu Soo Chye @ Yee Soo Chye	Member	Executive Director	1/1
Chui Mee Chuen (Appointed w.e.f. 29 March 2017)	Member	Independent Non-Executive Director	-

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

- i. To ensure that the 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 and to review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities;
- 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;
- v. To determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the RC is designated to consider by the Board; and
- vi. Review and recommend to the Board a formal and transparent remuneration policy and framework for Non-Executive Directors.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.1 *Composition of Board Committees cont'd*

#### (d) RC *cont'd*

A copy of the TOR of the RC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

The following is the summary of activities undertaken by the RC during the FY2017:-

- i. Reviewed and confirmed the minutes of the RC Meeting held in financial year ended 31 March 2016;
- ii. Deliberated on the remuneration packages of the Executive Directors of the Company for the FY2017 and recommended the same to the Board for approval; and
- iii. Reviewed the Directors' fees payable to the Directors of the Company for the FY2017 and recommended the same to the Board of Directors for approval.

#### (e) RMC

The RMC was set up on 19 August 2011 with current TOR revised on 22 May 2017.

The membership of the RMC are stated in the Corporate Information of this Annual Report. The RMC is governed by its TOR of RMC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RMC as defined in the TOR.

A copy of the TOR of the RMC is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FY2017, three (3) RMC meetings were held, i.e. on 7 October 2016, 16 November 2016 and 24 January 2017. The key activities carried out by the RMC were as follows:-

- i. Appointment of the Chairman of RMC and confirmed the composition of the RMC;
- ii. Reviewed the TOR of the RMC;
- iii. Reviewed the duties and responsibilities of the Steering Committee and the reporting guidelines;
- iv. Reviewed the updated risk determination of each department;
- v. Reviewed the recommended action plan for each of the identified risk; and
- vi. Reviewed the insurance coverage for both public and product liabilities.

#### (f) Investment Committee

The Investment Committee was set up on 17 May 2010 with current TOR dated 19 August 2011.

The membership of the Investment Committee are stated in the corporate information of this Annual Report. The Investment Committee is governed by its TOR of Investment Committee which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Investment Committee as defined in the TOR.

A copy of the TOR of the Investment Committee is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

During the FY2017, two (2) Investment Committee meetings were held. The activities carried out by the Investment Committee were as follows:-

- i. Reviewed the performance of the Malaysian cuisine cafe outlet in Hong Kong, including identification of opportunity to maximise utilisation of spare capacity;
- ii. Reviewed the performance the bakery outlet in Taiwan, including analysing the costing of the products, internal control and standard operating procedures, and the expenses and results of new product development; and
- iii. Reviewed the performance of the restaurant outlet in Adelaide, Australia and problems encountered, and the decision on its closure.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.2 *Develop, maintain and review the criteria for recruitment and annual assessment of Directors*

The NC is entrusted to develop 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.

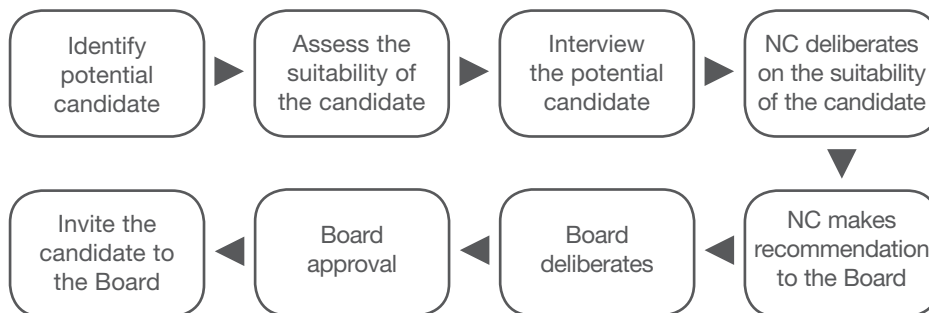
#### (a) **Determination of selection criteria for recruitment of Directors**

##### **Appointment of Directors**

In recommending to the Board of any appointment of Director, the NC considers the criteria, namely the composition requirements for the Board, 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 follows:-



During the FY2017, Ms. Chui Mee Chuen (“**Ms. Chui**”), a Independent Non-Executive Director was appointed to the Board on 29 March 2017.

The recruitment process commenced from the identification of Ms. Chui as the potential candidate for the position of Independent Non-Executive Director by the Management from external source in February 2017.

The profile of Ms. Chui was then forwarded to the NC for consideration. A NC meeting was held on 10 March 2017 to discuss and evaluate the suitability of Ms. Chui for the position of Independent Non-Executive Director. The NC has discussed and assessed the suitability of Ms. Chui by reviewing the profile in details. The criteria being taken into consideration were skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships in other companies. As Ms. Chui is to be appointed as Independent Non-Executive Directors, the NC has also evaluated Mr. Chui in term of independence to ensure Mr. Chui satisfied the test of independence under the ACE LR of Bursa Securities.

An interview with Ms. Chui was carried out after the discussion for the purpose to validate the assessment of Ms. Chui.

After due deliberations, the members of the NC concluded that the Proposed Candidate met the criteria as an Independent Non-Executive Director and be recommended for Board approval as the new Independent Director in place of Mr. Yau Ming Teck who has indicated his intention to resign as Independent Non-Executive Director. The Board has subsequently on 29 March 2017, approved the appointment of Ms. Chui as Independent Non-Executive Director of the Company, Chairman of the NC, and member of both the AC and RC.

The Board noted that the MCGG 2012 recommends that the Chairman of the NC should be a Senior Independent Non-Executive Director identified by the Board. Hence, the Board will identify/appoint a Senior Independent Director for the Company as it deems necessary.

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

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.2 *Develop, maintain and review the criteria for recruitment and annual assessment of Directors cont'd*

#### (a) **Determination of selection criteria for recruitment of Directors** *cont'd*

##### **Appointments to Board Committees**

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

- i. The needs of the particular Board Committees;
- ii. The results of the Board Effectiveness Evaluation for the Board Committees;
- iii. Time commitment and availability;
- iv. Regulatory requirements; and
- v. Best practices or governance practices.

During the FY2017, Ms. Chui was appointed as the Chairman of the NC, and the member of both the AC and RC in place of Mr. Yau Ming Teck on 29 March 2017.

#### (b) **Annual assessment of Directors**

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

The NC conducted the following assessments annually:-

##### i. **Directors' self-assessment**

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

- Contribution to interaction;
- Quality of Input; and
- Understanding of Role.

Based on the assessment conducted for the FY2017, the NC was satisfied with the performance of the individual Directors.

##### ii. **Evaluation on the effectiveness of the Board and Board Committees**

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

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

Based on the evaluation conducted for the FY2017, the NC was satisfied with the performance of the Board and Board Committees.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.2 *Develop, maintain and review the criteria for recruitment and annual assessment of Directors cont'd*

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

In accordance with the Article 85 of the Company's Articles of Association, one-third (1/3) of the Directors for the time being, or the number nearest to one-third (1/3) shall retire from office at each AGM provided always that all Directors shall retire from office at least once every three (3) years in compliance with the Rule 7.26(2) of the ACE LR of Bursa Securities.

In accordance with the Article 92 of the Company's Articles of Association, any Director appointed by casual vacancy shall hold office until the next following AGM and shall then be eligible for re-election.

At the forthcoming AGM, Ms. Chui Mee Chuen, Mr. Yu Tack Tein and Madam Lee Pek Yoke were due for retirement and being eligible have offered themselves for re-election.

Mr. Yu Soo Chye @ Yee Soo Chye shall hold office until the conclusion of the forthcoming Twenty-Second AGM pursuant to Section 129(6) of the now Repealed Companies Act, 1965 and being eligible has offered himself for re-appointment.

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

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

Upon review, the NC were satisfied with the performance of the abovementioned Directors and recommended their re-election/re-appointment to the Board for approval. The Board has in turn, recommended the same to be considered by the Shareholders at the forthcoming Twenty-Second ("22nd") AGM of the Company.

#### (d) **Boardroom diversity**

The NC 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.

Despite the Board not having a formal Board Diversity Policy, the Board has indicated its commitment to boardroom diversity as follows:-

##### *Gender Diversity*

The Board is supportive of the gender boardroom diversity as stated in the Corporate Governance Blueprint 2011 and the Board will source for suitable and creditable women candidates.

In supporting the recommendation of the MCCG 2012, women candidate are sought for the Board to have more women participation, the Board has successfully appointed an additional female Director i.e. Ms. Chui Mee Chuen on 29 March 2017 to participate in the boardroom.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 2.2 *Develop, maintain and review the criteria for recruitment and annual assessment of Directors cont'd*

#### (e) **Boardroom diversity** *cont'd*

##### *Ethnicity Diversity*

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

##### *Age Diversity*

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

The age profile of the Directors were ranging from late thirties to seventies years of age, which underlies the Board's commitment to age diversity at the Board level appointment. Ms. Chui Mee Chuen, the newly appointed Director on 29 March 2017 was thirty-nine (39) years of age.

### 2.3 *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 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 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 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 FY2017 are as follows:

#### Company

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

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

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

#### Group

	Executive Directors (RM)	Non- Executive Directors (RM)
Directors' fees	-	108,000
Salaries and allowance	2,171,454	-
Other emoluments	-	-
<b>Total Directors' Remuneration</b>	<b>2,171,454</b>	<b>108,000</b>

Number of Directors whose remuneration falls into the following bands:

#### Company

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

#### Group

	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	-

For the financial year ended 31 March 2017, Directors' fees of RM108,000/- have been recommended to the Shareholders for approval at the forthcoming 22nd AGM of the Company.



# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 3: REINFORCE INDEPENDENCE

### 3.1 *Annual assessment of the Independent Directors*

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 ACE LR of Bursa Securities.

The Board has conducted annual assessment on its Independent Directors through the assistance of the NC. To be in line with such recommendation, the Board has put in place proper policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board.

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

### 3.2 *Tenure of Independent Directors*

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

Open Policy on Tenure of Service by Independent Non-Executive Directors (“INEDs”)

Whilst acknowledging the recommendation of the MCCG 2012, the Board subscribes to an open policy on the tenure of INEDs whereby there should not be an arbitrary tenure be imposed on the INEDs. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent judgement or their ability to act in the best interest of the Company. In addition, the Board will take into consideration of the existing board composition viz-a-viz the commercial interest/ benefits of the Company.

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

### 3.3 *Retention of an Independent Director who has served in that capacity for more than nine (9) years*

During the FY2017, the Board noted that none of its Independent Directors have attained a tenure of nine (9) years as at the date of this Statement. Therefore, there is no such need for the Company to seek for Shareholders’ approval on the said purpose at the forthcoming 22nd AGM of the Company.

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

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

#### Role of Founder/Chairman of the Board

Being the founder of “Restoran Oversea (海外天)”, Mr. Yu Soo Chye @ Yee Soo Chye has become as synonymous as the brand name itself which protrude confidence and good quality of Cantonese cuisine. Therefore, the Board has resolved to maintain Mr. Yu Soo Chye @ Yee Soo Chye as Chairman of the Board to continue in his role as the unofficial “Oversea’s brand ambassador” for the business continuation of the Group. Notwithstanding the non-adherence to the Recommendation 3.4 of the MCCG 2012.

# STATEMENT OF CORPORATE GOVERNANCE

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cont'd

## **PRINCIPLE 3: REINFORCE INDEPENDENCE** *cont'd*

### **3.4 Separation of positions of Chairman and Group Managing Director** *cont'd*

#### Role of the Group Managing Director

With approximately fifty-six (56) years of industry experience under his belt, Mr. Yu Soo Chye @ Yee Soo Chye has extensive experience in the operation and management of food services outlets.

As a mitigating measure, there is a clear division of responsibilities between the Chairman and Group Managing Director. The Board has outlined the roles and responsibilities of the Chairman of the Board through the Board Charter.

In addition, he is also assisted by other Executive Directors who each have a distinct executive role within the Group.

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

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

The Company has been making steady progress in adhering to the Recommendation with the appointment of Ms. Chui Mee Chuen as the Independent Non-Executive Director.

## **PRINCIPLE 4: FOSTER COMMITMENT**

### **4.1 Time commitment**

The Board requires its member to devote sufficient time to carry out their duties 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.

For the FY2017, the Board had convened a total of four (4) Board Meetings for the purposes of deliberating on the Company's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board Meetings, the Board reviewed the operation and performance of the Group and other strategic issues that may affect the Group's business. Relevant staff were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

#### **(a) Review of attendance by the NC**

The NC has been tasked to review the attendance of the Directors at Board and/or Board Committee meetings. Upon review, the NC noted the Board members have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the FY2017.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 4.1 *Time commitment cont'd*

#### (a) **Review of attendance by the NC** *cont'd*

Details of attendance of each Director in respect of the Board meetings held during the FY2017 are as follows:

No.	Name of Directors	No. of Board Meetings attended	% of Attendance
1.	Yu Soo Chye @ Yee Soo Chye	3/4	75%
2.	Lee Pek Yoke	3/4	75%
3.	Lee Seng Fan	3/4	75%
4.	Khong Yik Kam	4/4	100%
5.	Yu Tack Tein	4/4	100%
6.	Koong Lin Loong	3/4	75%
7.	Chiam Soon Hock	4/4	100%
8.	Yau Ming Teck (Resigned w.e.f. 29 March 2017)	3/4	75%
9.	Chui Mee Chuen (Appointed w.e.f. 29 March 2017)	-	-

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

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

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

#### (b) **Annual meeting timetable**

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

#### (c) **Board appointment in other Companies**

As a matter of protocol, as stipulated under Clause 2(iv) of the Board Charter, prior to the acceptance of new Board appointment(s) in other companies, the Directors should notify the Chairman of the Board and/or the Company Secretaries in writing. The said notification should include an indication of time that will be spent on the new appointment.

For the FY2017, the Chairman has on 10 January 2017 received notification from Mr. Yau Ming Teck (resigned w.e.f. 29 March 2017) upon acceptance of his new directorship in HLT Global Berhad.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 4.2 Directors' training

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

The Board has cultivated the following best practices:-

- i. All newly appointed Directors are required to attend the Mandatory Accreditation Training Programme (MAP) as prescribed by Bursa Securities within the stipulated timeframe;
- ii. All Directors are encouraged to attend talks, training programmes and seminars to update their knowledge on the latest regulatory and business environment;
- iii. The Directors may be requested to attend additional training courses according to their individual needs as a Director/Board Committee's member on which they serve; and
- iv. The Directors are briefed by the Company Secretaries on the letters issued by Bursa Securities at the Board Meeting.

All Directors have attended the MAP prescribed by Bursa Securities.

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

No.	Name of Directors	Training/Courses Attended
1.	Yu Soo Chye @ Yee Soo Chye	<ul style="list-style-type: none"><li>• Management Discussion and Analysis Statement</li><li>• Companies Act 2016</li></ul>
2.	Lee Pek Yoke	<ul style="list-style-type: none"><li>• Management Discussion and Analysis Statement</li><li>• Sustainability Forum for Directors/CEOs: "The Velocity of Global Change &amp; Sustainability – The New Business Model"</li><li>• Companies Act 2016</li></ul>
3.	Lee Seng Fan	<ul style="list-style-type: none"><li>• Management Discussion and Analysis Statement</li><li>• Companies Act 2016</li></ul>
4.	Khong Yik Kam	<ul style="list-style-type: none"><li>• Management Discussion and Analysis Statement</li><li>• Companies Act 2016</li></ul>
5.	Yu Tack Tein	<ul style="list-style-type: none"><li>• Fraud Risk Management Workshop</li><li>• Management Discussion and Analysis Statement</li><li>• Sustainability forum for directors/CEOs: "The Velocity of Global Change &amp; Sustainability – The New Business Model"</li><li>• Companies Act 2016</li></ul>
6.	Koong Lin Loong	<ul style="list-style-type: none"><li>• National GST Conference 2016</li><li>• National Tax Conference 2016</li><li>• 2017 Budget Seminar</li><li>• A Comprehensive Review of Latest in MFRS</li><li>• The Companies Act 2016 – Transforming Companies &amp; Business</li><li>• National GST Conference 2017</li><li>• Comparative Analysis of the PERS, MPERS and MFRS Frameworks and Selected New Topics in the MPERS Framework</li><li>• Companies Act 2016</li><li>• National Tax Conference 2017</li></ul>

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 4.2 *Directors' Training cont'd*

No.	Name of Directors	Training/Courses Attended
7.	Chiam Soon Hock	<ul style="list-style-type: none"><li>• Management Discussion and Analysis Statement</li><li>• Fraud Risk Management Workshop</li><li>• Companies Act 2016</li></ul>
8.	Yau Ming Teck (Resigned w.e.f. 29 March 2017)	<ul style="list-style-type: none"><li>• Management Discussion and Analysis Statement</li><li>• Financial Statement: Numbers Tell a Story, What to Look Out for</li></ul>
9.	Chui Mee Chuen (Appointed w.e.f 29 March 2017)	<ul style="list-style-type: none"><li>• MAP</li><li>• Companies Act 2016</li></ul>
10.	Yu Suat Yin (Alternate Director to Lee Pek Yoke)	<ul style="list-style-type: none"><li>• Sales Proposal and Marketing Design</li><li>• Sales Management Consultancy</li><li>• Oversea Sales Transformation</li><li>• Business Development/Account Management</li><li>• Advocacy Sessions on Management Discussion &amp; Analysis for Chief Executive Officers and Chief Financial Officers</li><li>• Fraud Risk Management Workshop</li><li>• Management Discussion and Analysis Statement</li><li>• Performance Management and Performance Appraisal</li><li>• Companies Act 2016</li></ul>

Upon review, the Board concluded that the Directors' trainings for the FY2017 were adequate.

#### 2018 Directors' training

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

## PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 *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 financial reports to the Shareholders and the regulatory authorities. The Board is also responsible for announcements on significant issues in accordance with the provision in the ACE LR of Bursa Securities.

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

The AC has received assurance that the financial statements of the Group and of the Company for the FY2017 had been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. Consequently, the AC has recommended the audited financial statement for the FY2017 of the Company to the Board for approval and the Board upon its review, has approved the same vide a Directors' Circular Resolution in Writing dated 24 July 2017.

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

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

### 5.2 *Assessment of the suitability and independence of the External Auditors*

For the FY2017, the AC has formalised the procedures to assess the suitability and independence of External Auditors vide an annual assessment of the suitability and independence of the External Auditors, namely Messrs. Crowe Horwath.

The External Auditors Suitability and Independence Assessment Policy has been established as at the date of this Annual Report. The salient terms in the External Auditors Suitability and Independence Assessment Policy are as follows:-

#### (a) **Selection and appointment**

The AC shall observe the following procedures for selection and appointment of new External Auditors, should the need to change the External Auditors is arises:

- i. To identify the audit firms that meet the criteria for appointment and to request for their proposals of engagement for consideration;
- ii. To assess the proposals and fee and shortlist the suitable audit firms;
- iii. To interview the shortlisted audit firms;
- iv. To recommend to the Board the appointment of the appropriate audit firm as External Auditors; and
- v. Upon the Board endorsed the recommendation, to seek Shareholders' approval for the appointment of the new External Auditors and resignation/removal of the existing External Auditors at the general meeting.

#### (b) **Independence**

- i. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors; and
- ii. The External Auditors shall provide a written assurance to the AC confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

#### (c) **Non-audit engagement**

External Auditors can be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the external auditors. This excludes audit related work in compliance with statutory requirements.

The prohibition of non-audit services are guided by the below-mentioned principles:

- i. Not to function as Management;
- ii. Not to audit their own work; and
- iii. Not to serve in an advocacy role of the Company and its subsidiaries.

External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit engagement.

A copy of the External Auditors Suitability and Independence Assessment Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

The External Auditors provided a written statement that they will continuously complied with the relevant ethical requirements regarding independence throughout the audit of the Group, in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice). They are not aware of any relationship between Messrs. Crowe Horwath and the Group that, in our professional judgment, may reasonably be thought to impair their independence. They have reviewed the non-audit services provided to the Company during the FY2017 and are not aware of any non-audit services that have compromised our independence as External Auditors of the Company.

# STATEMENT OF CORPORATE GOVERNANCE

cont'd

## PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

### 5.2 *Assessment of the suitability and independence of the External Auditors cont'd*

The AC also noted the having served the requisite years, 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 (5) years in accordance with the By-Laws of the Malaysian Institute of Accountants.

Upon completion of its assessment, the AC was satisfied with Messrs. Crowe Horwath's technical competency and audit independence and recommended to the Board the re-appointment of Messrs. Crowe Horwath as External Auditors for the financial year ending 31 March 2018. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming 22nd AGM of the Company.

## PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

### 6.1 *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 AC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

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

### 6.2 *Internal Audit Function*

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

The Company outsourced its internal audit function to an independent internal audit service provider, namely Pro Credential Services Sdn. Bhd., who reports directly to the AC. The functions of the Internal Auditors is 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 internal controls are tested for effectiveness and efficiency by the Internal Auditors. The report of the internal audit is tabled for AC's review and comments, and the audit findings will then be communicated to the Board. The outsourced internal auditor's representative met up four (4) times with the AC for the FY2017.

During the FY2017, the summary of activities carried out by the Internal Auditors are as follows:-

- i. Security management, restaurant processes, which covered kitchen process flow, inventory control flow, purchasing control of the restaurant outlet located at Sri Petaling;
- ii. Restaurant processes, which covered kitchen control process and purchasing control of the Dim Sum outlet;
- iii. Moon cake production and raw materials purchasing control of the main factory;
- iv. Moon cake inventory control on raw materials, packaging materials, finished goods, outlet store process flow of one own counter located in Johor Bahru; and
- v. Goods and Service ("GST") review for taxable supply for factory products, banquet/customer event and restaurant sales.



# STATEMENT OF CORPORATE GOVERNANCE

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## PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate disclosure 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 established 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.

In complying with the requirements to disclose all material information under applicable laws and the AC LR of Bursa Securities 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 material error is discovered 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 Secretaries or the appointed merchant banker assists to draft the announcement;
- ii. All draft announcements to be approved by the Executive Director before release to Bursa Securities;
- iii. For news and media will be released 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 made available on the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

A copy of the Corporate Disclosure Policy is available for viewing at the Group's corporate website at [www.oversea.com.my](http://www.oversea.com.my).

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

- i. Corporate Website

The Company's website at [www.oversea.com.my](http://www.oversea.com.my) provides a plethora of information to the public, which includes, inter alia, the following dedicated sections:

- Our History – the history of the Group;
- Our Specialty – specialty dishes offered by the Group;
- Our Products – Mooncakes and other food products offered by the Group;
- Our Menu – Food menu for Groups of 6 or 10 persons offered by each outlet with pricing;
- Our Restaurants – Contact particulars, opening hours and the location map for each outlet;
- Gallery – containing photos on the Group and videos created by the Group;
- News and Events – media coverages of the Group;
- Career Information – Job opportunities offered by the Group;
- Reservation – Online Reservation System with contact particulars of each outlet; and
- Investor Relations – information dedicated for shareholders as well as stakeholders of the Group.



# STATEMENT OF CORPORATE GOVERNANCE

cont'd

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

### 7.2 *Leverage on information technology for effective dissemination of information cont'd*

ii. "Investor Relations" section for Shareholders

The Company's website features a dedicated "Investor Relations" section which includes, inter alia, corporate information, financial information, annual reports, corporate governance matters, announcements, general meetings, news centre, and etc. being accessible by the public. The Board discloses to the public all material information necessary for an informed investment and takes reasonable steps to ensure that all Shareholders enjoy equal access to such information.

iii. Online reservation system

The Company's website also features a simple online reservation system which enables the public to make reservation with specific outlet at ease.

iv. Online purchases

The Company has leveraged on the advent of information technology to market its products vide an e-commerce platform i.e. the Company's website provides a linkage to [www.tenshou.com.my](http://www.tenshou.com.my), the trading arm of the Company which enables the public to purchase the Company's mooncakes and other products online once they have registered as a user at the said website.

v. Social media

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

### 8.1 *Shareholder participation at general meetings*

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

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

- The AGM which is used as the main forum of dialogue for Shareholders to raise any issues pertaining to the Company;
- Annual Report, quarterly financial results and various announcements made to Bursa Securities; and
- The corporate websites [www.oversea.com.my](http://www.oversea.com.my) which provide corporate information of the Group.

Majority of members of the Board had attended the last AGM held on 25 August 2016 to engage with the Shareholders.

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

# STATEMENT OF CORPORATE GOVERNANCE

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

### 8.2 *Poll voting*

The Board noted the Recommendation 8.2 of the MCCG 2012 states that the Board should encourage poll voting.

#### **Shareholders' Right to Demand a Poll**

In line with this recommendation, the Chairman of the Meeting will inform the shareholders of their right to demand a poll vote at the commencement of the 22nd AGM.

#### **Compliance with the ACE LR**

With the recent amendments to the ACE LR of Bursa Securities, all of the resolutions set out in the Notices of General Meetings of the Company shall be voted by poll and it would be implemented for general meetings of the Company held on or after 1 July 2016.

As in previous year, the Chairman of the Meeting will call for a poll on each resolution at the forthcoming 22nd AGM scheduled to be held on 24 August 2017. This will enable the Company to engage with a greater number of shareholders by including the proxy votes cast by the shareholders who are not able to attend the 22nd AGM in person.

#### **Electronic voting methods**

Taking into consideration of the shareholders' profile of the Company, the Board has adopted electronic voting in 21st AGM of the Company held on 25 August 2016 to facilitate and ease shareholders' participation at the AGM. The Board believes that the electronic voting will ensure accurate and efficient outcomes of the poll voting process. Therefore, the Board shall again be adopting electronic voting at the forthcoming 22nd AGM scheduled to be held on 24 August 2017.

### 8.3 *Shareholders' communication*

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the ACE LR of Bursa Securities. Majority of the Directors were present at the 21st AGM of the Company held on 25 August 2016 to engage with the shareholders personally and proactively.

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

The results of all the resolutions set out in the Notice of the 22nd AGM will be announced on the same day to Bursa Securities, which is accessible on the Bursa Securities' website.

The Board ensures that full information of the Directors who are retiring at the forthcoming 22nd AGM and willing to serve if re-elected are disclosed in the Notice of the 22nd AGM.

The explanatory notes facilitating full understanding and evaluation of issues involved in the proposed resolutions accompanying each item of special business is included in the Notice of the 22nd AGM.

# STATEMENT OF CORPORATE GOVERNANCE

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## **CONCLUSION**

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

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

This Statement of Corporate Governance is made in accordance with a resolution of the Board of Directors dated 24 July 2017.

# AUDIT COMMITTEE REPORT

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The Board of Directors (“**Board**”) is pleased to present the Audit Committee Report for the financial year ended 31 March 2017 (“**FY2017**”).

## COMPOSITION OF THE AUDIT COMMITTEE (“**AC**”)

The AC comprises the following three (3) Independent Non-Executive Directors:

1. Koong Lin Loong (*Chairman*)
2. Chiam Soon Hock
3. Chui Mee Chuen (*Appointed w.e.f. 29 March 2017*)

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

The Chairman of the AC, Mr. Koong Lin Loong is an Independent Non-Executive Director. In this respect, the Company complies with Rule 15.10 of the ACE LR of Bursa Securities.

In addition, Mr. Koong Lin Loong and Ms. Chui Mee Chuen, being members of the Malaysian Institute of Accountants (MIA), fulfil the requirement of Paragraph 15.09(1)(c) of the ACE LR of Bursa Securities.

The performance of the AC and each of its members were reviewed by the Board on 22 May 2017 and was satisfied that they are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the AC, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

## ATTENDANCE OF MEETINGS

A total of four (4) AC meetings were held during the FY2017. The details of attendance at AC meetings held during the FY2017 were as follows:-

<b>Name of AC Members</b>	<b>No. of AC Meetings attended</b>
Koong Lin Loong	3/4
Chiam Soon Hock	4/4
Yau Ming Teck ( <i>Resigned w.e.f. 29 March 2017</i> )	3/4
Chui Mee Chuen ( <i>Appointed w.e.f. 29 March 2017</i> )	-

## MINUTES OF MEETINGS

The minutes of the AC meeting were recorded and tabled for confirmation at the next following AC meeting and presented to the Board for notation.

## TERMS OF REFERENCE

The Terms of Reference of the AC are available for viewing at the Group’s corporate website at [www.oversea.com.my](http://www.oversea.com.my). The last review of the Terms of Reference of the AC was on 30 June 2016.

# AUDIT COMMITTEE REPORT

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## SUMMARY OF WORK OF THE AC

During the FY2017 and up to the date of this Report, the summary of works undertaken by the AC to meet its responsibilities in the discharge of its function and duties comprised the followings:-

### (a) Overview of Financial Performance and Reporting

- i. Reviewed the unaudited quarterly financial results for the quarters ended 31 March 2016 (FY2016), 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017 on 23 May 2016, 25 August 2016, 29 November 2016, 20 February 2017 and 22 May 2017, respectively, and recommend the same to the Board for approval;
- ii. Reviewed the draft audited financial statements of the Company for the FY2016 and recommended the same to the Board for approval on 22 July 2016;
- iii. Reviewed the financial performance of the Company and the Group;
- iv. Reviewed the identified significant matters pursuant to Rule 15.12(1)(g)(ii) of the ACE LR which took effect on 1 July 2016; and
- v. Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

### (b) Oversight of External Audit

- i. Reviewed the Audit Review Memorandum for the FY2016 presented by the External Auditors on 23 May 2016, entailing the significant audit findings, significant deficiencies in internal control, status of audit, compliance with the ethical requirements on independence, communication with the AC, summary of audit adjustments, summary of unadjusted differences and total audit and non-audit fees;
- ii. Reviewed the Group's Audit Planning Memorandum for the FY2017 on 20 February 2017, entailing mainly the overview of audit approach and areas of audit emphasis of the Group.
- iii. Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls;
- iv. Reviewed the Independent Valuation Report on the methodology and the basis of the valuation and the accounting entries taken up by the Management for the revaluation of properties;
- v. Met twice with the External Auditors on 23 May 2016 and 20 February 2017 without the presence of the Management and the Executive Directors; and
- vi. Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval.

### (c) Oversight of Internal Audit

- i. Reviewed the Internal Audit Plan for the FY2017 presented by the outsourced Internal Auditors;
- ii. Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the management's responses and made the necessary recommendations to the Board for approval on 23 May 2016, 25 August 2016, 29 November 2016, 20 February 2017 and 22 May 2017;
- iii. Reviewed the adequacy of the scope and coverage of the Group's activities, functions, competency and resources of the Internal Audit functions;
- iv. Reviewed the existing internal controls and work processes undertaken by the respective departments in the companies under review for relevant areas or business and the Group's systems and practices for identification and management of risks;
- v. Reviewed and recommended improvements to the existing System of Internal Controls and Risk Management System of the Group; and
- vi. Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors on 22 May 2017 and that they have the necessary authority to carry out their work.

### (d) Reviewed of related party transactions

- i. Monitored and reviewed the recurrent related party transactions and any conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of management integrity on a quarterly basis in accordance with the mandate approved by Shareholders on 26 August 2016.

## SUMMARY OF WORK OF THE AC *cont'd*

### (e) Oversight of Risk Management

- i. Reviewed the Risk Management Report presented by the Risk Management Committee on 20 February 2017.

### (f) Oversight of Internal Control Matters

- i. Reviewed and confirmed the minutes of the AC Meetings;
- ii. Reviewed the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2016;
- iii. Reviewed the proposed Terms of Reference of the Risk Management Committee and recommended to the Board for approval on 20 February 2017; and
- iv. Reviewed the proposed investments undertaken by the Investment Committee on a quarterly basis.

The Board is satisfied that the AC has carried out their responsibilities and duties in accordance with the AC's Terms of Reference.

## 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.

### (1) Appointment of Internal Auditors

The Group has appointed an outsourced internal audit service provider to carry out the internal audit function, namely Pro Credential Services Sdn. Bhd. 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 report directly to the AC and assist the Board in monitoring the internal controls and mitigate the risks of the Group.

### (2) Summary of Internal Audit works for the FY2017

During the FY2017 and up to the date of this Report, the summary of works undertaken by the Internal Auditors comprised the followings:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- The internal audits performed met the objective of highlighting to the AC the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective Internal Control System within the Group, as well as any weaknesses in the Group's Internal Control System;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- Presentation of audit findings and corrective actions to be taken by the Management in the quarterly AC Meetings.

### (3) Total costs incurred for the FY2017

The cost incurred for the Internal Audit Function of the Group for the FY2017 was amounted to RM48,000/- (FY2016: RM48,000/-).

### (4) Review of internal audit function

The AC and the Board were satisfied with the performance of the Internal Auditors for the FY2017 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

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Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“**ACE LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors is pleased to provide the Statement on the Risk Management and Internal Control of the Group, which had been prepared in accordance with the “Statement of Risk Management & Internal Control: Guidance for Directors of Public Listed Companies” (“**the Risk Management & Internal Control Guidance**”) and Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”).

## **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 Statement on the Risk Management and Internal Control, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2017 (“**FY2017**”).

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, through the Audit Committee (“**AC**”).

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 FY2017.

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

### **Risk Management Process**

The Board regards risk management as an integral part of business operations. The Board has established a Risk Management Committee (“**RMC**”) to fulfil its corporate governance duties in overseeing the establishment of a risk management framework and maintaining a sound system of risk management and internal control throughout the Group. A Steering Committee Team (“**SCT**”) has in turn being formed by the RMC to assist with the execution of the risk action plan formalised by the RMC to instill risk management culture and awareness in the Group.

### **RMC**

The RMC 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 materialising; and
- (d) The Group’s ability to reduce the incidence of risks that may materialise and their impact on the business.

For the FY2017, the RMC has held three (3) meetings.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## BOARD RESPONSIBILITY *cont'd*

### Risk Management Process *cont'd*

#### SCT

The Head of Department (“**HOD**”) from the following departments have been automatically co-opted as member of SCT by default:-

Department	Name of HOD	Office Designation
Strategic Planning	Yap Teck Beng	Group General Manager
Production	Soh Jin Yiat	Deputy Group General Manager
Finance and Accounts	Lee Fui Meng	Group Finance Manager
Office Administration	Chow Way Keong	Group Admin Manager
Purchasing	Siew Lin Tai	Group Purchasing Manager
Human Resources	Wong Mee Ling	Group Human Resource Manager
Sales	Yap Teck Beng	Group General Manager
Marketing	Lee Ying Hoe	Group Marketing Manager
MIS	Foo Chee Chung	Group MIS Manager
Corporate Affairs	Wong Mee Ling	Group Human Resource Manager
Restaurant Operations	Yu Suat Yin	Vice President, Group Operation

Further particulars on the RMC and SCT in terms of their respective composition, Terms of Reference (“**TOR**”) and summary of activities undertaken can be found in the Statement of Corporate Governance.

During the FY2017 and up to the date of this Annual Report, the Board had received and reviewed the Risk Management Report, as tabled by the RMC. The Board would ensure that the risk control actions are taken accordingly.

#### Identification of Principal Risks

Assisted by the SCT, the RMC has conducted assessments on all potentially serious risks inherent in strategies and business processes as part of the internal control and essential for evaluating the relevance and reliability of information and its context.

Strategic risks have been identified by RMC through SCT’s discussions with the Group’s various management personnel in the context of their understanding of external forces, industry issues and the Group’s business.

Given that the Group operates in the food service industry, the RMC recognised that the business process of the Group would not be structured by process, but rather by departmental basis for ease of identification, monitoring and control by the senior management team.

#### Risk Evaluation Process

The SCT assists the RMC in defining the Group’s risk appetite in terms of its tolerance through specific risk limits, during their process of assessing the identified principal risk.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## BOARD RESPONSIBILITY *cont'd*

### Risk Evaluation Process *cont'd*

The risk evaluation process undertaken by the SCT involves the utilisation of the following assessment models:-

#### (a) Risk Likelihood Definitions

This model is to assist in ascertaining possibility of each identified risk might materialise as resulted from the Group's activities.

Risk Likelihood	Definitions
High (H)	More Than 50% Chance
Medium (M)	More Than 5% and Less Than 50% Chance
Low (L)	Less Than 5% Chance

#### (b) Impact Rating Definitions

This model is to assist in ascertaining the monetary and non-monetary impact of each identified risk to the Group's financial and non-financial position.

Magnitude of Impact	Impact Definitions	
	Monetary	Non-Monetary
High (H)	More Than RM 200,000	May Significantly Impact
Medium (M)	More Than RM 50,000 And Less Than RM 200,000	Probably May Materially Impact
High (H)	Less Than RM 50,000	Probably May Not Materially Impact

#### (c) Overall Risk Rating Matrix

This model used to determine overall risk rating after evaluating the likelihood of happen and the overall monetary and non-monetary impact to the Group.

Risk Likelihood	Risk Impact (Monetary and Non-Monetary)		
	LOW (L)	MEDIUM (M)	HIGH (H)
High (H)	Low	Medium	High
Medium (M)	Low	Medium	Medium
Low (L)	Low	Low	Low

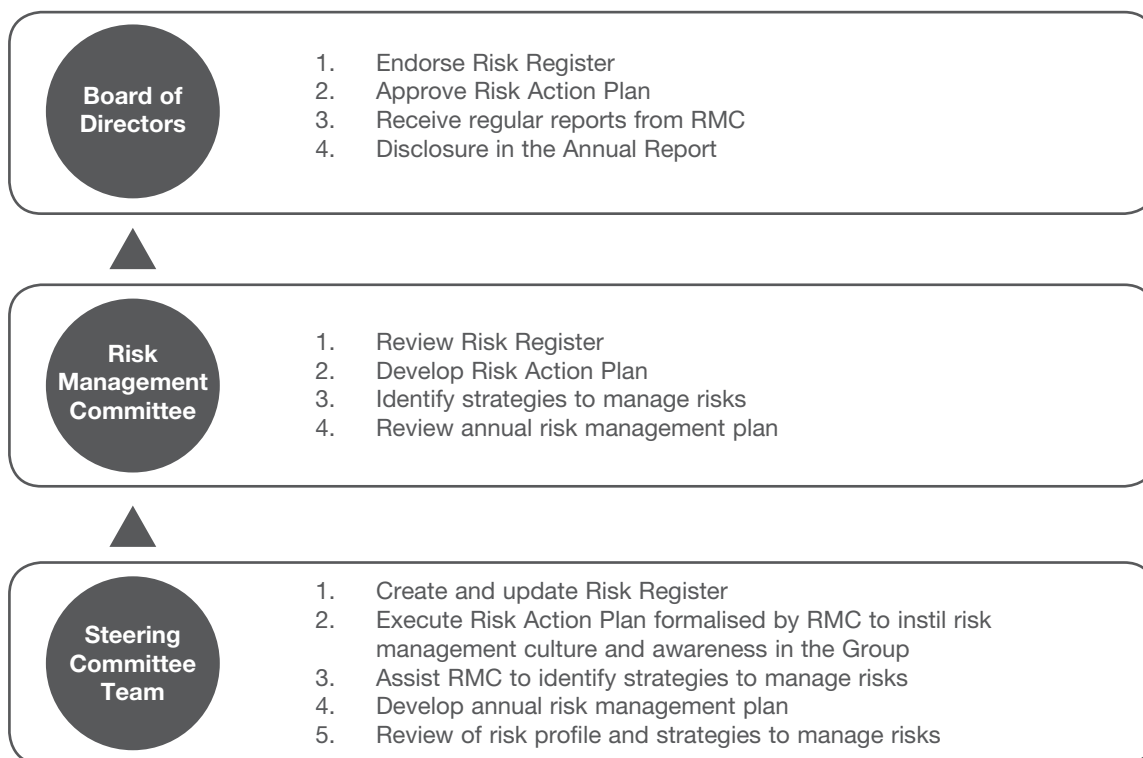
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## BOARD RESPONSIBILITY *cont'd*

### Risk Management Process and Reporting Structure

The risk management process and reporting structure have been illustrated in the diagram below:-



For the FY2017, the RMC has met the Board three (3) times to present their Risk Management Report which contained, inter alia, the following key items:-

- i. Risk Identification Methodology;
- ii. Risk Assessment Approach;
- iii. Risk Determination;
- iv. Summary of Risk Rating; and
- v. Recommendation.

The Board has reviewed the above Reports and advised the senior management team to ensure the necessary corrective actions be taken to address the issues raised therein.

## 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:-

### 1. Authority and Responsibility

Certain responsibilities are delegated to the following Board Committees through clearly defined TOR which are reviewed periodically and/or when the need arises:-

- i. Audit Committee;
- ii. Nominating Committee;
- iii. Remuneration Committee; and
- iv. Risk Management Committee.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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

### 2. Internal Audit

#### Qualified and Independent Internal Auditors

The Group's internal audit has been outsourced to an independent service provider. The Board has appointed Pro Credential Services Sdn. Bhd. ("PCSSB"), an established internal audit advisory practice provider in Malaysia. Prior to their appointment, the AC has considered the following criteria:-

- i. Length of establishment;
- ii. Core specialty area;
- iii. Industry reputation;
- iv. International affiliation;
- v. Qualification and experience of engagement partner and team; and
- vi. Existing client base.

#### Risk-Based Internal Audits

PCSSB has prepared a risk-based internal audit plan based on their review of the financial report of the Group and taking into consideration the impact of the different areas of the Group based on materiality of the numbers reported.

Through PCSSB, the effectiveness and efficiency of the Group's risk management and internal control system were examined and evaluated in an independent capacity. PCSSB has assessed the Group's compliance with policies and procedures as well as relevant laws and regulations. PCSSB then provided reports on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the AC.

#### Summary of Works Undertaken by the Internal Auditors

For FY2017, PCSSB had:-

- Carried out their activities in accordance with the scope of work;
- Presented their findings with the AC on quarterly basis and recommended corrective actions for the Management; and
- Conducted follow-up review on their previous internal audit reports.

#### Adequacy of Scope, Functions, Competency and Resources of the Outsourced Internal Audit Functions

In the first quarter of FY2017, the AC had vide its assessment, assessed the adequacy of scope, functions, competency and resources of the outsourced internal audit function and that it has the necessary authority to carry out its work and the internal audit programme, 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 for the FY2017.

Based on the collated results of the above said assessment, the AC was of the view that the internal audit has added value to the Group by providing further assurance relating to internal control and fraud control and assessed the Internal Auditors' performance as "Adequate".

### 3. Monitoring and Reporting

The Group Finance Manager in charge of the Group's financial affairs is required to give assurance to the AC that adequate processes and controls are in place in the preparation of each quarterly financial statements, including consolidated condensed financial statements, and that appropriate accounting policies are adopted and applied consistently to give a true and fair view of the state of affairs of the Group and to ensure compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### 4. Staff Competency

It is part of the Company's policies to ensure provision of constant training and development programmes to ensure that the employees are kept up-to-date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## ASSURANCE FROM THE MANAGEMENT

The Board has received assurance from the Executive Director and the Group General Manager that the function of the Company's risk management and internal control system for the financial year under review, and up to the date of approval of this statement, has been sound and sufficient, in all material aspects, based on the risk management model and internal control system adopted by the Group, thereby safeguarding the shareholders' investments; the interests of customers; regulators; employees and other stakeholders, as well as the Group's assets.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE LR, the External Auditors have reviewed this statement for inclusion in the 2017 Annual Report, in accordance with the Malaysian Approved Standard on Assurance Engagements, International Standard on Audit Engagement ("ISAE") 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and 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, the External Auditors reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.

RPG 5 (Revised) does not require the External Auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and management thereon. They are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

## CONCLUSION

For the financial year under review and up to 24 July 2017, being the date of this Statement, the Board noted that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board considers the existing systems of internal controls currently in place for the Group to be adequate and sufficient taking into the account the material risks of the business environment within which the Group operates. The Board will ensure that the internal control framework be continuously reviewed, improved and enhanced to ensure its effectiveness, adequacy and relevance.

This statement was made in accordance with a Board resolution dated 24 July 2017.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

For the financial year ended 31 March 2017 (“FY2017”), the details of utilisation of the proceeds from the Special Bumiputera Issue of 1,415,000 new ordinary shares of RM0.20 each in the Company were as follow:-

	Status of utilisation	Amount utilised (RM)	Amount unutilised (RM)
Working capital	Fully utilised	283,000	-

## 2. AUDIT AND NON-AUDIT FEES

The breakdown of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the FY2017 by Messrs. Crowe Horwath, the External Auditors, or a firm or company affiliated to the External Auditors’ firm are as follow:-

Types of fee	Company (RM)	Group (RM)
<u>Audit services rendered</u>	25,000	192,000
<u>Non-audit services rendered</u>		
- Review of the Statement on Risk Management and Internal Control	4,000	4,000
	<b>29,000</b>	<b>196,000</b>

## 3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-first Annual General Meeting (“AGM”) of the Company held on 25 August 2016, the Shareholders of the Company has given their approval for the renewal of its existing mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature (“RRPTs”) with the related party which are necessary for the day-to-day operation and are in the ordinary course of business of the Group.

The said mandate will lapse at the forthcoming Twenty-second AGM of the Company scheduled to be held on 24 August 2017. The Company intends to seek its Shareholders’ approval to renew the existing mandate as well as obtain new Shareholders mandate for the RRPTs at the Twenty-second AGM of the Company.

The Proposed Renewal of and new Shareholders’ Mandate, details as provided in the Circular to Shareholders dated 31 July 2017 will be sent together with this Annual Report, if approved by the shareholders, would be valid until the conclusion of the Company’s next AGM.

Details of the RRPTs occurred during the FY2017 are disclosed in Note 41 to the Financial Statements set out on page 139 and 140 of this Annual Report.

## 4. 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 FY2017 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 FY2017.



# ADDITIONAL COMPLIANCE INFORMATION

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

The Directors are required by the Companies Act 2016 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 appropriate accounting policies and applying them consistently;
- ii. made judgement and estimates that are prudent and reasonable;
- iii. ensured all applicable approved accounting standards have been followed; and
- iv. prepared the financial statements on the going concern basis.

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

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and the applicable approved Malaysian Accounting Standard Board approved accounting standard in Malaysia.

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.

This statement on Directors' Responsibility in respect the Financial Statements is made in accordance with the resolution of the Board of Directors date 24 July 2017.

# 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 2017.

## 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
Profit/(Loss) after taxation for the financial year	458,893	(345,553)
Attributable to:-		
Owners of the Company	458,893	(345,553)

## DIVIDENDS

No dividend was recommended by the directors for the 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) the Company increased its issued and paid-up share capital from RM49,000,000 to RM49,283,000 by way of an issuance of 1,415,000 new ordinary shares for a cash consideration of RM283,000 for the purpose of working capital pursuant to the Special Bumiputera Issue as disclosed in Note 43(1) to the financial statements. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares 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 2017, the Company held as treasury shares a total of 4,047,100 (2016 - 4,047,100) of its 246,415,000 (2016 - 245,000,000) issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM867,063 (2016 - RM867,063) in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity. The details on the treasury shares are disclosed in Note 21 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 ensure that any current assets, 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 38 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 their 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.

## 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 in which this report is made.

# DIRECTORS' REPORT

cont'd

## DIRECTORS

The name of directors of the Company who served during the financial year until the date of this report are as follows:-

Yu Soo Chye @ Yee Soo Chye  
Lee Pek Yoke  
Khong Yik Kam  
Lee Seng Fan  
Chiam Soon Hock  
Koong Lin Loong  
Yu Tack Tein  
Yu Suat Yin (Alternate Director to Lee Pek Yoke)  
Chui Mee Chuen (Appointed on 29 March 2017)  
Yau Ming Teck (Resigned on 29 March 2017)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Lee Seng Pun  
Yu Tack Yuen  
Yu Suat Li

## 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			
	At 1.4.2016	Bought	Sold	At 31.3.2017
<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	6,256,338	-	-	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 Suat Yin	163,333	-	-	163,333
<i>Indirect Interests in the Company</i>				
Khong Yik Kam ^	1,450,000	100,000	-	1,550,000
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 8 of the Companies Act 2016 as well as his spouse and children's shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016.

# - 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 8 of the Companies Act 2016 and his spouse's shareholding in the Company pursuant to Section 59(1)(c) of the Companies Act 2016.

# DIRECTORS' REPORT

cont'd

## DIRECTORS' INTERESTS *cont'd*

Notes:-

- @ - *Deemed interested by virtue of his substantial shareholding and directorship in Simple Angel Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*
- \* - *Deemed interested by virtue of her spouse's shareholding in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.*

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 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares of 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 remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

## INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company was RM17,129.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

# DIRECTORS' REPORT

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## AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Signed in accordance with a resolution of the directors dated 24 July 2017

**Yu Tack Tein**

**Khong Yik Kam**



# STATEMENT BY DIRECTORS

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

We, Yu Tack Tein 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 81 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 45, 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 24 July 2017

Yu Tack Tein

**Khong Yik Kam**

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Yu Tack Tein, I/C No. 740608-14-5253, 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 81 to 150 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 Tack Tein, I/C No. 740608-14-5253  
at Kuala Lumpur in the Federal Territory  
on this 24 July 2017

**Yu Tack Tein**

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 AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of Oversea Enterprise Berhad, which comprise the statements of financial position as at 31 March 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their 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 2016 in Malaysia.

### **Basis for Opinion**

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

### **Independence and Other Ethical Responsibilities**

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

### **Key Audit Matters**

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Risk that revenue may be overstated arising from pressure faced by the Group in achieving performance targets as revenue recognition has a direct impact on the results of the Group.</p> <p>We determined this to be a key audit matter as the vast majority of revenue is settled in cash or by credit card and focused on manual adjustments to revenue as they are susceptible to manipulation.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"><li>● tested the operating effectiveness of internal controls relevant to recognition of revenue.</li><li>● tested sales transactions recorded to relevant supporting documents to ascertain validity of sales.</li><li>● assessed sales transactions as well as credit notes issued, both before and after the year end date to assess whether the revenue was recognised in the correct period.</li><li>● tested the journal entries on revenue recognition.</li><li>● performed analytical review on the sales trend and gross profit margin.</li></ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF OVERSEA ENTERPRISE BERHAD

(Incorporated in Malaysia) Company No: 317155 - U

cont'd

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

#### ***Information Other than the Financial Statements and Auditors' Report Thereon***

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

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

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

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

#### ***Responsibilities of the Directors for the Financial Statements***

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

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF OVERSEA ENTERPRISE BERHAD

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

#### *Auditors' Responsibilities for the Audit of the Financial Statements cont'd*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 on page 150 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

# INDEPENDENT AUDITORS' REPORT

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## TO THE MEMBERS OF OVERSEA ENTERPRISE BERHAD

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

### OTHER MATTERS

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

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

**Chua Wai Hong**  
Approval No: 2974/09/17 (J)  
Chartered Accountant

Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2017

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	43,629,805	43,629,805
Investments in associates	6	619,221	20,000	-	-
Property, plant and equipment	7	46,626,789	48,039,631	218,466	278,951
Investment properties	8	2,450,000	2,450,000	-	-
Other investments	9	257,756	372,460	-	-
Intangible asset	10	107,448	87,488	-	-
Long-term receivables	11	96,158	121,324	-	-
Deferred tax assets	12	424,836	342,726	-	-
		50,582,208	51,433,629	43,848,271	43,908,756
<b>CURRENT ASSETS</b>					
Inventories	13	5,561,184	4,171,983	-	-
Trade receivables	14	569,494	382,969	-	-
Other receivables, deposits and prepayments	15	2,942,729	3,045,481	66,375	133,407
Amount owing by subsidiaries	16	-	-	8,352,062	9,247,730
Amount owing by associates	17	300,100	-	-	-
Current tax asset		427,273	247,165	24,200	3,830
Short-term investments with financial institutions	18	239,768	232,520	-	-
Deposits with licensed banks	19	12,158,834	12,472,312	815,656	603,902
Cash and bank balances		3,317,752	3,798,399	80,822	181,529
		25,517,134	24,350,829	9,339,115	10,170,398
<b>TOTAL ASSETS</b>		<b>76,099,342</b>	<b>75,784,458</b>	<b>53,187,386</b>	<b>54,079,154</b>

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

# STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2017

cont'd

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	20	49,283,000	49,000,000	49,283,000	49,000,000
Treasury shares	21	(867,063)	(867,063)	(867,063)	(867,063)
Share premium	22	1,038,157	1,038,157	1,038,157	1,038,157
Reserves	23	13,872,564	13,776,128	(1,488,873)	(1,143,320)
<b>TOTAL EQUITY</b>		<b>63,326,658</b>	<b>62,947,222</b>	<b>47,965,221</b>	<b>48,027,774</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	24	1,485,735	1,136,224	-	-
Deferred tax liabilities	12	5,875,563	6,103,052	-	-
		<b>7,361,298</b>	<b>7,239,276</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	27	2,523,763	3,196,389	-	-
Other payables and accruals	28	2,774,610	2,309,120	189,870	169,085
Amount owing to subsidiaries	16	-	-	5,032,295	5,882,295
Short-term borrowings	29	89,770	43,751	-	-
Current tax liability		23,243	48,700	-	-
		<b>5,411,386</b>	<b>5,597,960</b>	<b>5,222,165</b>	<b>6,051,380</b>
<b>TOTAL LIABILITIES</b>		<b>12,772,684</b>	<b>12,837,236</b>	<b>5,222,165</b>	<b>6,051,380</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>76,099,342</b>	<b>75,784,458</b>	<b>53,187,386</b>	<b>54,079,154</b>

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 2017

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
REVENUE	30	60,043,998	61,056,100	-	750,000
COST OF SALES		(23,824,884)	(24,430,216)	-	-
GROSS PROFIT		36,219,114	36,625,884	-	750,000
OTHER INCOME		4,821,465	4,970,858	136,220	1,100,505
		41,040,579	41,596,742	136,220	1,850,505
SELLING AND DISTRIBUTION EXPENSES		(29,217,421)	(29,510,571)	(95,255)	(76,282)
ADMINISTRATIVE EXPENSES		(10,418,934)	(13,998,837)	(386,352)	(2,649,708)
FINANCE COSTS		(78,176)	(71,432)	-	-
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		(274,447)	(179,298)	-	-
PROFIT/(LOSS) BEFORE TAXATION	31	1,051,601	(2,163,396)	(345,387)	(875,485)
INCOME TAX EXPENSE	32	(592,708)	(921,640)	(166)	(20,713)
PROFIT/(LOSS) AFTER TAXATION		458,893	(3,085,036)	(345,553)	(896,198)
OTHER COMPREHENSIVE INCOME	33				
<u>Items that May be Reclassified Subsequently to profit or loss</u>					
<u>Subsequently to Profit or Loss:</u>					
- loss on fair value changes of available-for-sale financial assets		(85,004)	(54,497)	-	-
- transfer to profit or loss upon disposal of available-for-sale financial assets		62,550	65,722	-	-
- foreign currency translation differences		(340,003)	(156,027)	-	-
<u>Item that Will Not be Reclassified Subsequently to Profit or Loss:</u>					
- revaluation properties		-	18,347,641	-	-
		(362,457)	18,202,839	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		96,436	15,117,803	(345,553)	(896,198)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		458,893	(3,085,036)	(345,553)	(896,198)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		96,436	15,117,803	(345,553)	(896,198)
EARNINGS/(LOSS) PER SHARE (SEN):	34				
- Basic		0.19	(1.28)	-	-
- Diluted		0.19	(1.28)	-	-

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The Group	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-Controlling Interest RM	Total Equity 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	23.1	-	-	-	(54,497)	-	-	-	(54,497)	-	(54,497)
- transfer to profit or loss upon disposal of available-for-sale financial assets	23.1	-	-	-	65,722	-	-	-	65,722	-	65,722
- foreign currency translation differences		-	-	-	-	(156,027)	-	-	(156,027)	-	(156,027)
Revaluation surplus from valuation of properties	23.1	-	-	-	-	-	18,347,641	-	18,347,641	-	18,347,641
Total comprehensive income for the financial year		-	-	-	11,225	(156,027)	18,347,641	(3,085,036)	15,117,803	-	15,117,803
Balance carried forward		49,000,000	(867,063)	1,038,157	2,022	(180,497)	18,347,641	(3,153,556)	64,186,704	(161,478)	64,025,226

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

The Group	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-Controlling Interest RM	Total Equity RM
Balance brought forward		49,000,000	(867,063)	1,038,157	2,022	(180,497)	18,347,641	(3,153,556)	64,186,704	(161,478)	64,025,226
Transactions with owners of the Company:											
- changes in ownership interests in subsidiaries that do not result in loss of control		-	-	-	-	-	-	(161,480)	(161,480)	161,478	(2)
- arising from acquisition of shares in jointly controlled entity		-	-	-	-	-	-	(355,143)	(355,143)	-	(355,143)
- dividend	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 2017

cont'd

The Group	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-Controlling Interest RM	Total Equity RM
Balance at 1.4.2016		49,000,000	(867,063)	1,038,157	2,022	(180,497)	18,347,641	(4,393,038)	62,947,222	-	62,947,222
Profit after taxation		-	-	-	-	-	-	458,893	458,893	-	458,893
Other comprehensive income/(expenses):											
- loss on fair value changes of available for-sale financial assets	23.1	-	-	-	(85,004)	-	-	-	(85,004)	-	(85,004)
- transfer to profit or loss upon disposal of available-for-sale financial assets	23.1	-	-	-	62,550	-	-	-	62,550	-	62,550
- foreign currency translation differences		-	-	-	-	(340,003)	-	-	(340,003)	-	(340,003)
Total comprehensive income for the financial year		-	-	-	(22,454)	(340,003)	-	458,893	96,436	-	96,436
Amortisation of revaluation reserve	23.3	-	-	-	-	-	(237,906)	237,906	-	-	-
		49,000,000	(867,063)	1,038,157	(20,432)	(520,500)	18,109,735	(3,696,239)	63,043,658	-	63,043,658
Transaction with owners of the Company:											
- issuance of shares	20	283,000	-	-	-	-	-	-	283,000	-	283,000
Balance at 31.3.2017		49,283,000	(867,063)	1,038,157	(20,432)	(520,500)	18,109,735	(3,696,239)	63,326,658	-	63,326,658

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017  
cont'd

The Company	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Balance at 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:						
- dividend	35	-	-	-	(722,859)	(722,859)
Balance at 31.3.2016/1.4.2016		49,000,000	(867,063)	1,038,157	(1,143,320)	48,027,774
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(345,553)	(345,553)
Transaction with owners of the Company:						
- issuance of shares	20	283,000	-	-	-	283,000
Balance at 31.3.2017		49,283,000	(867,063)	1,038,157	(1,488,873)	47,965,221

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	1,051,601	(2,163,396)	(345,387)	(875,485)
Adjustments for:-				
Amortisation of intangible asset	35,330	54,251	-	-
Bad debts written off:				
- trade and other receivables	-	15,705	-	-
Depreciation of property, plant and equipment	2,734,883	2,603,321	67,974	65,398
Impairment loss:				
- investments in subsidiaries	-	-	-	2,200,000
- investments in an associate	-	661,881	-	-
- amount owing by an associate	-	1,924,300	-	-
- trade receivables	-	85,893	-	-
Interest expense	64,987	71,710	-	-
Property, plant and equipment written off	232,783	943,647	-	-
Share of loss in associates, net of income tax expense	274,447	179,298	-	-
Dividend income from subsidiaries	-	-	-	(750,000)
Accretion of long-term receivables	(17,685)	(13,874)	-	-
Fair value gain on investment properties	-	(873,500)	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(1,239)	-	-	-
- other investments	57,750	365,476	-	-
Interest income	(392,389)	(385,034)	(30,620)	(27,705)
Writeback of impairment loss:				
- amount owing by subsidiaries	-	-	-	(965,000)
Operating profit/(loss) before working capital changes	4,040,468	3,469,678	(308,033)	(352,792)
Increase in inventories	(1,389,201)	(128,975)	-	-
(Increase)/Decrease in trade and other receivables	(40,922)	(159,382)	67,032	(37,022)
(Decrease)/Increase in trade and other payables	(207,136)	(1,311,487)	20,785	(77,390)
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>2,403,209</b>	<b>1,869,834</b>	<b>(220,216)</b>	<b>(467,204)</b>
Income tax paid	(1,081,050)	(918,936)	(20,536)	(34,661)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES CARRIED FORWARD</b>	<b>1,322,159</b>	<b>950,898</b>	<b>(240,752)</b>	<b>(501,865)</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017  
cont'd

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		1,322,159	950,898	(240,752)	(501,865)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from subsidiaries		-	-	895,668	1,037,740
Dividend received		-	-	-	750,000
Interest received		392,389	385,034	30,620	27,705
Net cash inflow from acquisition of subsidiaries		-	36,232	-	-
Additional investments in subsidiaries		-	(2)	-	-
Investments in associates		(873,668)	(20,000)	-	-
Advances to joint venture		-	(94,625)	-	-
Advances to associates		(300,100)	(150,000)	-	-
Placement of deposits pledged with licensed banks		(11,081)	(10,642)	-	-
Withdrawal/(Placement) of deposits with maturity periods more than three months		1,750,000	(885,090)	-	-
Proceeds from disposal of:					
- investment properties		-	195,000	-	-
- property, plant and equipment		2,712	1	-	-
- other investments		34,500	2,206,164	-	-
Purchase of property, plant and equipment	36	(1,281,659)	(1,098,886)	(7,489)	(23,715)
Payment for intangible asset		(55,290)	(6,350)	-	-
Purchase of other investments		-	(2,719,240)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(342,197)	(2,162,404)	918,799	1,791,730
BALANCE CARRIED FORWARD		979,962	(1,211,506)	678,047	1,289,865

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
BALANCE BROUGHT FORWARD		979,962	(1,211,506)	678,047	1,289,865
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Repayment to subsidiaries		-	-	(850,000)	(968,585)
Dividend paid		-	(722,859)	-	(722,859)
Interest paid		(64,987)	(71,710)	-	-
Repayment of hire purchase obligations		(19,728)	(21,767)	-	-
Drawdown of term loans		255,000	-	-	-
Repayment of term loans		(39,742)	(408,354)	-	-
Proceeds from issuance of shares		283,000	-	283,000	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		413,543	(1,224,690)	(567,000)	(1,691,444)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,393,505	(2,436,196)	111,047	(401,579)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(441,463)	(228,731)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		11,826,782	14,491,709	785,431	1,187,010
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	12,778,824	11,826,782	896,478	785,431

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in 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 24 July 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out 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 2016 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)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

- 3.2 The Group has not applied in advance the following accounting standards and/or 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 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

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:-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

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

#### (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 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

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

#### (f) Impairment of Trade 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.

#### (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 Financial 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 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.

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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

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

#### (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 joint 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.

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange 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 translation of available-for-sale equity instruments which are recognised in other comprehensive income.

#### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

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

#### (c) Foreign Operations *cont'd*

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 the 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.

### 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 financial statements 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 or losses 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.5 Investments In Associates *cont'd*

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 to profit or loss when the equity method is discontinued.

### 4.6 Financial Instruments

Financial assets and financial liabilities 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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

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.

Financial asset at fair value through profit or loss could be presented as current assets 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.6 Financial Instruments *cont'd*

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

##### (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 the 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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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 2017

cont'd

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

### 4.6 Financial Instruments *cont'd*

#### (b) Financial Liabilities

##### (i) *Financial Liabilities at 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. Fair value through profit or loss category also comprises contingent consideration in a business combination.

##### (ii) *Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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 reporting date.

#### (c) Equity Instruments

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

##### (i) *Ordinary Shares*

Incremental costs directly attributable to the issue of new ordinary shares 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.6 Financial Instruments *cont'd*

#### (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.

#### (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.

### 4.7 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. 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 five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reserves a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

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

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:-

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. Any changes are accounted for as a change in estimate.

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.

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.

### 4.8 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.8 Investment Properties *cont'd*

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

### 4.9 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.

#### (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.

### 4.10 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 an 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.10 Impairment *cont'd*

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

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 into 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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (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 an annual impairment assessment is compulsory or 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 an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines 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. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.11 Leased Assets

#### (a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### (b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### 4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method 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.

### 4.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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.

### 4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.15 Employee Benefits

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses 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.

#### (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.

### 4.16 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that directly attributable to the acquisition, 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.

### 4.17 Income Taxes

#### (a) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (b) Deferred tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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.

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 the related tax benefits will be realised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.17 Income Taxes *cont'd*

#### (b) Deferred tax *cont'd*

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.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

### 4.18 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 reporting 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.18 Related Parties *cont'd*

(b) An entity is related to a reporting entity if any of the following conditions applies:- *cont'd*

- (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.

### 4.19 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

### 4.20 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.

### 4.21 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, which comprise convertible preference shares and share options granted to employees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 4.22 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 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.

### 4.23 Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

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

Revenue from sale of food and beverage is recognised upon delivery of food and beverage and customers' acceptance.

#### (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.

#### (c) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017 RM	2016 RM
Unquoted shares, at cost	47,109,805	47,109,805
Accumulated impairment losses	(3,480,000)	(3,480,000)
	<b>43,629,805</b>	<b>43,629,805</b>
Accumulated impairment losses:-		
At 1 April	(3,480,000)	(1,280,000)
Addition during the financial year	-	(2,200,000)
At 31 March	<b>(3,480,000)</b>	<b>(3,480,000)</b>

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
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 Confectionerie 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	Owner of trademark



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

The details of the subsidiaries are as follows:- *cont'd*

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
Restoran Oversea JV (International) Sdn. Bhd.	Malaysia	100	100	Investment holding.
Ipoh Group Limited #*	Hong Kong	100	100	Restaurant and cafe operator.
Taiwan Haewaytian Limited #*	Taiwan	100	100	Bakery and café operator.
Restoran Oversea Hong Kong Cafe Sdn. Bhd. ^	Malaysia	100	100	Dormant.
Rich Tastes (Centrepoint) Sdn. Bhd. ^	Malaysia	100	100	Dormant.
Tunas Citarasa Sdn. Bhd. ^	Malaysia	100	100	Dormant.

Notes:-

- ^ - *The subsidiary has ceased its business operations.*
- # - *Not audited by Messrs. Crowe Horwath.*
- \* - *Held through Restoran Oversea JV (International) Sdn. Bhd.*

## 6. INVESTMENTS IN ASSOCIATES

	The Group	
	2017 RM	2016 RM
Unquoted shares, at cost	1,792,488	918,820
Share of post-acquisition losses	(511,386)	(236,939)
	1,281,102	681,881
Accumulated impairment losses	(661,881)	(661,881)
	619,221	20,000
Accumulated impairment losses:-		
At 1 April	(661,881)	-
Addition during the financial year	-	(661,881)
At 31 March	(661,881)	(661,881)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

The details of associates are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2017 %	2016 %	
Burger Foundry Australia Pty. Ltd.	Australia	30.1	30.1	Restaurant operator.
Wanhoi GH Sdn. Bhd. (formerly known as Santaidimsum Sdn. Bhd.)	Malaysia	20.0	20.0	Restaurant operator.
Santaisan Sdn. Bhd.	Malaysia	33.3	-	Investment holding.

The statutory financial year end of Burger Foundry Australia Pty. Ltd. ("BFA") is 30 June. The share of results in BFA is based on the unaudited financial statements for the 12 months ended 31 March 2017. The Group has not recognised losses relating to BFA during the current financial year, where its share of losses exceeded the Group's interest in BFA. The Group has no obligation in respect of these losses. Full impairment loss has been recognised in "Administrative Expenses" line item of the statement of profit or loss and other comprehensive income in the previous financial year as BFA was operating at a loss.

The statutory financial year end of Wanhoi GH Sdn. Bhd. and its wholly-owned subsidiary ("Wanhoi GH Group") is 31 December. The share of results in Wanhoi GH Group is based on the unaudited financial statements for the 12 months ended 31 March 2017.

Santaisan Sdn. Bhd. and its wholly-owned subsidiaries ("Santaisan Group") were incorporated during the financial year. Santaisan Group will prepare its first set of financial statements for financial period ending 31 December 2017 since incorporation. Therefore, the share of results in Santaisan Group is based on the unaudited financial statements for the period ended 31 March 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

The summarised unaudited financial information for the associates that are material to the Group are as follows:-

	<b>Wanhoi GH Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>At 31 March</b>		
Non-current assets	1,730,525	-
Current assets	595,493	100,000
Current liabilities	(1,628,708)	-
Net assets	697,310	100,000
<b>Financial Year Ended 31 March</b>		
Revenue	2,087,878	-
Loss after taxation/Total comprehensive expenses for the financial year	(1,165,190)	-
Group's share of loss after taxation/Total comprehensive expenses for the financial year	(233,038)	-
<b>Reconciliation of net assets to carrying amount</b>		
Group's share of net assets	139,462	20,000
Bargain purchase	-	-
Carrying amount of the Group's interests in this associate	139,462	20,000

	<b>Santaisan Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>At 31 March</b>		
Non-current assets	840,200	-
Current assets	2,318,191	-
Current liabilities	(1,719,114)	-
Net assets	1,439,277	-
<b>Financial Year Ended 31 March</b>		
Revenue	596,840	-
Loss after taxation/Total comprehensive expenses for the financial year	(124,228)	-
Group's share of loss after taxation/Total comprehensive expenses for the financial year	(41,409)	-
<b>Reconciliation of net assets to carrying amount</b>		
Group's share of net assets	479,759	-
Bargain purchase	-	-
Carrying amount of the Group's interests in this associate	479,759	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 7. PROPERTY, PLANT AND EQUIPMENT

	At 1.4.2016 RM	Additions RM	Disposal RM	Write-offs RM	Foreign Exchange Differences RM	Depreciation Charge RM	At 31.3.2017 RM
<b>The Group</b>							
<b>2017</b>							
<i>Net Book Value</i>							
Freehold land	5,860,000	-	-	-	-	-	5,860,000
Freehold buildings	7,290,000	-	-	-	-	(145,800)	7,144,200
Leasehold land	15,300,000	382,555	-	-	-	(201,669)	15,480,886
Leasehold buildings	13,050,000	61,439	-	-	-	(248,260)	12,863,179
Plant and machinery	838,072	85,752	-	-	-	(358,289)	565,535
Motor vehicles	545,235	460,580	-	(1)	-	(257,377)	748,437
Renovation, furniture and fittings	2,993,816	387,495	(1,473)	(185,067)	-	(909,196)	2,285,575
Equipment and electrical installation	2,162,508	103,838	-	(47,715)	74,638	(614,292)	1,678,977
	48,039,631	1,481,659	(1,473)	(232,783)	74,638	(2,734,883)	46,626,789

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

	At 1.4.2015		Additions		Acquisition of A Subsidiary		Revaluation Surplus		Disposal		Write-offs		Foreign Exchange Differences		Depreciation Charge		At 31.3.2016	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>The Group</b>																		
<i>Net Book Value</i>																		
Freehold land	2,618,988	-	-	-	-	3,241,012	-	-	-	-	-	-	-	-	-	-	-	5,860,000
Freehold buildings	6,205,743	-	-	-	-	1,224,010	-	-	-	-	-	-	-	-	(139,753)	-	-	7,290,000
Leasehold land	2,564,335	-	-	-	-	12,770,191	-	-	-	-	-	-	-	-	(34,526)	-	-	15,300,000
Leasehold buildings	7,042,189	-	-	-	-	6,096,168	-	-	-	-	-	-	-	-	(88,357)	-	-	13,050,000
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	23,331,381	(1)	(943,647)	41,318	(2,603,321)	48,039,631									

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

<b>The Group</b>	<b>At Cost RM</b>	<b>At Valuation RM</b>	<b>Accumulated Depreciation RM</b>	<b>Net Book Value RM</b>
<b>2017</b>				
Freehold land	-	5,860,000	-	5,860,000
Freehold buildings	-	7,290,000	(145,800)	7,144,200
Long leasehold land	382,555	15,300,000	(201,669)	15,480,886
Long leasehold buildings	61,439	13,050,000	(248,260)	12,863,179
Plant and machinery	8,869,231	-	(8,303,696)	565,535
Motor vehicles	3,542,046	-	(2,793,609)	748,437
Renovation, furniture and fittings	17,750,231	-	(15,464,656)	2,285,575
Equipment and electrical installation	11,858,319	-	(10,179,342)	1,678,977
	42,463,821	41,500,000	(37,337,032)	46,626,789
<b>2016</b>				
Freehold land	-	5,860,000	-	5,860,000
Freehold buildings	-	7,290,000	-	7,290,000
Long leasehold land	-	15,300,000	-	15,300,000
Long leasehold buildings	-	13,050,000	-	13,050,000
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	18,053,843	-	(15,060,027)	2,993,816
Equipment and electrical installation	12,250,734	-	(10,088,226)	2,162,508
	42,257,393	41,500,000	(35,717,762)	48,039,631
<b>The Company</b>	<b>At 1.4.2016 RM</b>	<b>Addition RM</b>	<b>Depreciation Charge RM</b>	<b>At 31.3.2017 RM</b>
<b>2017</b>				
<i>Net Book Value</i>				
Renovation, furniture and fittings	127,800	-	(14,624)	113,176
Equipment and electrical installation	151,151	7,489	(53,350)	105,290
	278,951	7,489	(67,974)	218,466

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

<b>The Company</b>	<b>At 1.4.2015 RM</b>	<b>Addition RM</b>	<b>Depreciation Charge RM</b>	<b>At 31.3.2016 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
	<u>320,634</u>	<u>23,715</u>	<u>(65,398)</u>	<u>278,951</u>

<b>The Company</b>	<b>At Cost RM</b>	<b>Accumulated Depreciation RM</b>	<b>Net Book Value RM</b>
<b>2017</b>			
Renovation, furniture and fittings	146,239	(33,063)	113,176
Equipment and electrical installation	279,473	(174,183)	105,290
	<u>425,712</u>	<u>(207,246)</u>	<u>218,466</u>
<b>2016</b>			
Renovation, furniture and fittings	146,239	(18,439)	127,800
Equipment and electrical installation	271,984	(120,833)	151,151
	<u>418,223</u>	<u>(139,272)</u>	<u>278,951</u>

- (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:-

	<b>The Group</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Freehold land	-	4,000,000
Leasehold land	-	315,177
Buildings	2,608,908	9,834,823
	<u>2,608,908</u>	<u>14,150,000</u>

- (b) Included in the property, plant and equipment were motor vehicles with a total net book value of RM442,198 (2016 - 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 58 - 70 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

(d) In the previous 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.

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

	The Group	
	2017 RM	2016 RM
Cost	20,366,097	19,922,104
Accumulated depreciation	(2,065,943)	(1,753,485)
	18,300,154	18,168,619

(f) In the previous 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.

## 8. INVESTMENT PROPERTIES

	The Group	
	2017 RM	2016 RM
At 1 April	2,450,000	1,771,500
Disposal during the financial year	-	(195,000)
Fair value gain	-	873,500
At 31 March	2,450,000	2,450,000
Investment properties comprise the following:-		
At fair value:-		
Freehold land and buildings	2,450,000	2,450,000

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 2017

cont'd

## 8. 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>2017/2016</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

## 9. OTHER INVESTMENTS

	The Group	
	2017	2016
	RM	RM
At 1 April	372,460	213,635
Acquisition during the financial year	-	2,719,240
Disposal during the financial year	(29,700)	(2,505,918)
Fair value adjustment (Note 23.1)	(85,004)	(54,497)
At 31 March	257,756	372,460
Other investments comprise the following:-		
At fair value:-		
Quoted shares in Malaysia	121,275	240,300
Quoted shares outside Malaysia	28,711	24,390
Investments in quoted shares, at fair value	149,986	264,690
Golf club membership, at cost	107,770	107,770
	257,756	372,460
Market value of quoted shares	149,986	264,690

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 10. INTANGIBLE ASSET

	The Group	
	2017 RM	2016 RM
Trademark, at cost:-		
At 1 April	376,629	370,279
Addition during the financial year	55,290	6,350
At 31 March	431,919	376,629
Amortisation of intangible asset	(324,471)	(289,141)
	107,448	87,488
Amortisation of intangible asset:-		
At 1 April	(289,141)	(234,890)
Amortisation during the financial year	(35,330)	(54,251)
At 31 March	(324,471)	(289,141)

## 11. LONG-TERM RECEIVABLES

	The Group	
	2017 RM	2016 RM
Minimum staff loan repayments:		
- within one year	121,804	93,800
- within two to five years	116,912	146,901
- more than five years	10,830	17,780
	249,546	258,481
Less: Prepaid operating expenses	(31,584)	(43,357)
	217,962	215,124

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

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

	The Group	
	2017	2016
	RM	RM
Current (Note 15):		
- within one year	121,804	93,800
Non-current:		
- within two to five years	89,885	113,214
- more than five years	6,273	8,110
	96,158	121,324
	217,962	215,124
Prepaid operating expenses:-		
At 1 April	(43,357)	(37,984)
Addition during the financial year	(5,912)	(19,247)
Accretion of long-term receivables	17,685	13,874
Recognised in profit or loss during the financial year	11,773	(5,373)
At 31 March	(31,584)	(43,357)

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.

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2017	2016
	RM	RM
At 1 April	(5,760,326)	(757,284)
Recognised in profit or loss during the financial year (Note 32)	282,777	(50,688)
Recognised in other comprehensive income during the financial year (Note 33)	-	(4,983,740)
Foreign exchange differences	26,822	31,386
At 31 March	(5,450,727)	(5,760,326)
Presented as follows:-		
Deferred tax assets	424,836	342,726
Deferred tax liabilities	(5,875,563)	(6,103,052)
	(5,450,727)	(5,760,326)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 12. 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	
	2017	2016
	RM	RM
Deferred tax assets:-		
Impairment losses	20,000	-
Unrealised foreign exchange losses	-	7,572
Unutilised tax losses	416,842	355,225
	436,842	362,797
Deferred tax liabilities:-		
Property, plant and equipment:		
- arising from revaluation surplus	(4,909,152)	(4,983,740)
- accelerated capital allowances over depreciation	(925,351)	(1,095,708)
Investment properties	(43,675)	(43,675)
Unrealised foreign exchange gains	(9,391)	-
	(5,887,569)	(6,123,123)
	(5,450,727)	(5,760,326)

The deferred tax assets on unutilised tax losses have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The unutilised tax losses can be carried forward to subsequent financial years until fully utilised.

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

	The Group	
	2017	2016
	RM	RM
Allowance for impairment losses	204,000	287,000
Unabsorbed capital allowances	1,298,661	936,910
Unutilised tax losses	5,251,684	3,847,993
	6,754,345	5,071,903

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017  
cont'd

## 13. INVENTORIES

	The Group	
	2017	2016
	RM	RM
At cost:-		
Food	4,683,813	3,517,500
Beverage	281,380	316,882
Raw materials	333,054	97,531
Packing materials	157,355	239,795
Finished goods	105,582	275
	5,561,184	4,171,983

None of the inventories is carried at net realisable value.

	The Group	
	2017	2016
	RM	RM
Recognised in profit or loss:-		
Inventories recognised as cost of sales	20,969,229	21,897,650

## 14. TRADE RECEIVABLES

	The Group	
	2017	2016
	RM	RM
Trade receivables	1,302,836	1,129,811
Allowance for impairment losses	(733,342)	(746,842)
	569,494	382,969
Allowance for impairment losses:-		
At 1 April	(746,842)	(660,949)
Addition during the financial year	-	(85,893)
Written off during the financial year	13,500	-
At 31 March	(733,342)	(746,842)

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 2017

cont'd

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	466,556	412,901	6,177	-
Deposits	2,017,130	2,184,508	37,989	117,989
Prepayments	459,043	448,072	22,209	15,418
	<b>2,942,729</b>	<b>3,045,481</b>	<b>66,375</b>	<b>133,407</b>

Included in the other receivables are staff loans of RM121,804 (2016 - RM93,800) as disclosed in Note 11 to the financial statements.

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

	The Company	
	2017 RM	2016 RM
Amount owing by subsidiaries:-		
Non-trade balances	8,352,062	9,247,730
Allowance for impairment losses	-	-
	<b>8,352,062</b>	<b>9,247,730</b>
Allowance for impairment losses:-		
At 1 April	-	(965,000)
Writeback during the financial year	-	965,000
At 31 March	-	-
Amount owing to subsidiaries:-		
Non-trade balances	(5,032,295)	(5,882,295)

The non-trade balances are 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 2017

cont'd

## 17. AMOUNT OWING BY ASSOCIATES

	The Group	
	2017 RM	2016 RM
Non-trade balances	2,224,400	1,924,300
Allowance for impairment losses	(1,924,300)	(1,924,300)
	300,100	-
Allowance for impairment losses:-		
At 1 April	(1,924,300)	-
Addition during the financial year	-	(1,924,300)
At 31 March	(1,924,300)	(1,924,300)

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

## 18. SHORT-TERM INVESTMENTS WITH FINANCIAL INSTITUTIONS

	The Group	
	2017 RM	2016 RM
At fair value:-		
Money market fund	239,768	232,520
Market value of money market fund	239,768	232,520

The short-term investments with financial institutions of the Group are in respect of investment in unquoted trust funds and earns interest at effective interest rates ranging from 2.39% to 2.68% (2016 - 2.79% to 3.14%) per annum at the end of the reporting period.

The short-term investments are designated as financial asset at fair value through profit or loss and are measured at fair value.

## 19. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks bore effective interest rates ranging from 2.00% to 3.70% (2016 - 2.95% to 4.20%) per annum at the end of the reporting period. The deposits have maturity periods ranging from 1 to 12 months (2016 - 1 to 12 months).

The deposits of RM437,530 (2016 - RM426,449) at the end of the reporting period were pledged to licensed banks as security for banking facilities granted to the Group.

The deposits of RM236,855 (2016 - RM229,437) 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 2017

cont'd

## 20. SHARE CAPITAL

	The Company			
	2017	2016	2017	2016
	Number of Shares		RM	RM
<b>Authorised</b>				
Ordinary shares of RM0.20 each	N/A	500,000,000	N/A	100,000,000

Note:-

N/A - Not applicable due to the adoption of the Companies Act 2016 which abolished the concepts of authorised share capital and the par value of the shares.

	The Company			
	2017	2016	2017	2016
	Number of Shares		RM	RM
<b>Issued and Fully Paid-up</b>				
Ordinary shares with no Par Value (2016 - Par Value of RM0.20 each):-				
At 1 April	245,000,000	245,000,000	49,000,000	49,000,000
Addition during the year	1,415,000	-	283,000	-
At 31 March	246,415,000	245,000,000	49,283,000	49,000,000

During the financial year, the Company increased its issued and paid-up share capital from RM49,000,000 to RM49,283,000 by way of an issuance of 1,415,000 new ordinary shares for a cash consideration of RM283,000 for the purpose of working capital pursuant to the Special Bumiputera Issue as disclosed in Note 43(1) to the financial statements. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## 21. TREASURY SHARES

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 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

Of the total 246,415,000 (2016 - 245,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 4,047,100 (2016 - 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.

## 22. SHARE PREMIUM

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company has not consolidated the share premium into share capital until the expiry of the transitional period.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 23. RESERVES

	Note	The Group		The Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Fair value reserve	23.1	(20,432)	2,022	-	-
Foreign exchange translation reserve	23.2	(520,500)	(180,497)	-	-
Revaluation reserve	23.3	18,109,735	18,347,641	-	-
Accumulated losses		(3,696,239)	(4,393,038)	(1,488,873)	(1,143,320)
		13,872,564	13,776,128	(1,488,873)	(1,143,320)

### 23.1 Fair Value Reserve

	The Group	
	2017 RM	2016 RM
At 1 April	2,022	(9,203)
Fair value loss on investment in quoted shares (Note 9)	(85,004)	(54,497)
Reversal upon disposal of investment in quoted shares	62,550	65,722
At 31 March	(20,432)	2,022

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.

### 23.2 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.

### 23.3 Revaluation Reserve

	The Group	
	2017 RM	2016 RM
At 1 April	18,347,641	-
Arising from revaluation of properties	-	18,347,641
Amortisation of revaluation reserve	(237,906)	-
At 31 March	18,109,735	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) presented under property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 24. LONG-TERM BORROWINGS

	The Group	
	2017	2016
	RM	RM
Hire purchase payables (Note 25)	149,944	-
Term loans (Note 26)	1,335,791	1,136,224
	1,485,735	1,136,224

## 25. HIRE PURCHASE PAYABLES

	The Group	
	2017	2016
	RM	RM
Minimum hire purchase payments:		
- not later than one year	46,620	5,590
- later than one year and not later than five years	167,055	-
	213,675	5,590
Less: Future finance charges	(27,855)	(42)
Present value of hire purchase payables	185,820	5,548
Current (Note 29):		
- not later than one year	35,876	5,548
Non-current (Note 24):		
- later than one year and not later than five years	149,944	-
	185,820	5,548

The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase as disclosed in Note 7 to the financial statements.

The hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 6.20% (2016 - 4.83%) per annum. The interest rate is fixed at the inception of the hire purchase arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 26. TERM LOANS

	The Group	
	2017 RM	2016 RM
Current (Note 29):		
- not later than one year	53,894	38,203
Non-current (Note 24):		
- later than one year and not later than two years	56,476	40,097
- later than two years and not later than five years	186,199	132,620
- later than five years	1,093,116	963,507
	1,335,791	1,136,224
	1,389,685	1,174,427

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	
				2017 RM	2016 RM
1	240	3,930	18.7.2014	569,424	587,223
2	240	3,930	18.7.2014	569,353	587,204
3	180	1,984	1.11.2016	250,908	-
				1,389,685	1,174,427

The term loans bore effective interest rates ranging from 4.50% to 4.72% (2016 - 4.85%) per annum at the end of the reporting period and are secured by:-

- (a) a first legal charge over certain properties of the Group as disclosed in Note 7 to the financial statements; and
- (b) a joint and several guarantee of certain directors of the Group.

## 27. 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 2017

cont'd

## 28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other payables	1,055,744	741,348	39,812	14,839
Accruals	806,622	989,810	150,058	154,246
Deposits received	912,244	577,962	-	-
	2,774,610	2,309,120	189,870	169,085

## 29. SHORT-TERM BORROWINGS

	The Group	
	2017	2016
	RM	RM
Hire purchase payables (Note 25)	35,876	5,548
Term loans (Note 26)	53,894	38,203
	89,770	43,751

## 30. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sale of food and beverage	49,092,698	51,830,486	-	-
Sale of moon cakes and other baked products	10,938,444	9,225,614	-	-
Sale of general products	12,856	-	-	-
Dividend income	-	-	-	750,000
	60,043,998	61,056,100	-	750,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 31. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible asset	35,330	54,251	-	-
Audit fee:				
- for the financial year	222,745	188,949	25,000	23,000
- under/(over)provision in the previous financial year	9,500	(500)	1,000	(2,000)
Bad debts written off:				
- trade and other receivables	-	15,705	-	-
Depreciation of property, plant and equipment	2,734,883	2,603,321	67,974	65,398
Directors' remuneration	2,614,475	2,609,000	108,000	108,000
Impairment loss:				
- investments in subsidiaries	-	-	-	2,200,000
- investments in an associate	-	661,881	-	-
- trade receivables	-	85,893	-	-
- amount owing by an associate	-	1,924,300	-	-
Interest expense:				
- hire purchase	5,287	794	-	-
- term loans	59,700	70,916	-	-
Property, plant and equipment written off	232,783	943,647	-	-
Realised (gain)/loss on foreign exchange	(101,323)	125,009	-	-
Rental of premises	4,587,602	4,676,100	-	-
Rental of plant and machineries	85,734	59,650	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	18,981,466	19,167,175	-	-
- defined contribution plan	1,662,827	1,719,612	-	-
- other benefits	871,352	925,425	-	-
Accretion of long-term receivables	(17,685)	(13,874)	-	-
Loss/(Gain) on disposal of:				
- property, plant and equipment	(1,239)	-	-	-
- other investments	57,750	365,476	-	-
Interest income	(392,389)	(385,034)	(30,620)	(27,705)
Investment properties:				
- rental income	(58,100)	(81,850)	-	-
- direct expenses for revenue generating properties	8,734	8,758	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fair value gain on investment properties	-	(873,500)	-	-
Dividend income	(5,601)	(3,674)	-	-
Writeback of impairment loss on amount owing by subsidiaries	-	-	-	(965,000)

### 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
<u>Directors of the Company:</u>				
Executive directors:				
- salaries and other emoluments	1,981,188	1,978,663	-	-
- define contribution plan	190,266	190,506	-	-
Non-executive directors:				
- fee	108,000	108,000	108,000	108,000
	2,279,454	2,277,169	108,000	108,000
<u>Directors of the subsidiaries:</u>				
Executive directors:				
- salaries and other emoluments	299,801	298,171	-	-
- define contribution plan	35,220	33,660	-	-
	335,021	331,831	-	-
	2,614,475	2,609,000	108,000	108,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 32. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax:				
- for the financial year	887,856	871,959	-	24,600
- (over)/underprovision in the previous financial year	(12,371)	(1,007)	166	(3,887)
	875,485	870,952	166	20,713
Deferred tax (Note 12):				
- relating to origination and reversal of temporary differences	(188,540)	50,688	-	-
- overprovision in the previous financial year	(94,237)	-	-	-
	(282,777)	50,688	-	-
	592,708	921,640	166	20,713

During the financial year, the statutory tax rate is 24%.

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

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before taxation	1,051,601	(2,163,396)	(345,387)	(875,485)
Tax at the statutory tax rate of 24% (2016 - 24%)	252,384	(519,215)	(82,893)	(210,116)
Tax effects of:-				
Non-deductible expenses	381,318	1,569,542	66,243	646,316
Non-taxable gains	-	(208,527)	-	(411,600)
Differential in tax rates	(5,557)	(31,336)	-	-
Utilisation of reinvestment allowances	(308,826)	(163,853)	-	-
Utilisation of deferred tax assets not recognised in prior years	(50,547)	(5,577)	-	-
Deferred tax assets not recognised during the financial year	430,544	281,613	16,650	-
(Over)/Underprovision in the previous financial year:				
- current tax	(12,371)	(1,007)	166	(3,887)
- deferred tax	(94,237)	-	-	-
Income tax expense for the financial year	592,708	921,640	166	20,713

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

	The Group	
	2017	2016
	RM	RM
Income tax savings during the financial year arising from:-		
Utilisation of current financial year's tax losses	248,575	27,984
Utilisation of tax losses previously recognised as deferred tax assets	106,731	179,301
Utilisation of unabsorbed capital allowances previously not recognised as deferred tax assets	32,752	23,238
	388,058	230,523

## 33. OTHER COMPREHENSIVE INCOME

	The Group	
	2017	2016
	RM	RM
<b>Items that Will Not be Reclassified Subsequently to Profit or Loss</b>		
Revaluation of property, plant and equipment (Note 7(d))	-	23,331,381
Less: Deferred tax liabilities (Note 12)	-	(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	(85,004)	(54,497)
- transfer to profit or loss upon disposal of other investments	62,550	65,722
	(22,454)	11,225
Foreign currency translation:		
- changes during the financial year	(340,003)	(156,027)
	(362,457)	18,202,839

## 34. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share is calculated by dividing the Group's profit/(loss) 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	
	2017	2016
Profit/(Loss) after taxation attributable to owners of the Company (RM)	458,893	(3,085,036)
Weighted average number of ordinary shares in issue	241,685,599	240,952,900
Basic earnings/(loss) per share (sen)	0.19	(1.28)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017  
cont'd

## 35. DIVIDEND

	The Group/The Company	
	2017	2016
	RM	RM
Single tier interim dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 March 2016	-	722,859

## 36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost of property, plant and equipment purchase	1,481,659	1,098,886	7,489	23,715
Amount financed through hire purchase	(200,000)	-	-	-
Cash disbursed for purchase of property, plant and equipment	1,281,659	1,098,886	7,489	23,715

## 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short-term investments with financial institutions (Note 18)	239,768	232,520	-	-
Deposits with licensed banks (Note 19)	12,158,834	12,472,312	815,656	603,902
Cash and bank balances	3,317,752	3,798,399	80,822	181,529
	15,716,354	16,503,231	896,478	785,431
Less: Deposits pledged to licensed banks (Note 19)	(437,530)	(426,449)	-	-
Less: Deposits with maturity periods more than 3 months	(2,500,000)	(4,250,000)	-	-
	12,778,824	11,826,782	896,478	785,431

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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## 38. 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	
	2017	2016
	RM	RM
<b>Unsecured</b>		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	1,599,685	1,380,427

## 39. OPERATING LEASE COMMITMENTS

The Group leases a number of restaurant premises under non-cancellable operating leases. The lease period range from 2 to 6 years (2016 - 2 to 6 years) with an option to renew after that date. None of the leases includes contingent rentals.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2017	2016
	RM	RM
Not more than 1 year	1,117,144	1,587,082
Later than 1 year and not later than 5 years	399,622	1,061,603
Later than 5 years	-	-
	1,516,766	2,648,685

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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## 40. OPERATING SEGMENTS *cont'd*

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.

### 40.1 Business Segments

	Restaurants RM	Manufacturing RM	Trading and Investment Holding RM	Elimination RM	The Group RM
<b>2017</b>					
<b>Revenue</b>					
External revenue	49,092,698	10,938,444	12,856	-	60,043,998
Inter-segment revenue	110,568	7,592,091	40,217	(7,742,876)	-
<b>Total revenue</b>	<b>49,203,266</b>	<b>18,530,535</b>	<b>53,073</b>	<b>(7,742,876)</b>	<b>60,043,998</b>
<b>Results</b>					
Segment results	(138,851)	1,573,799	(692,774)	387,603	1,129,777
Finance costs	(78,176)	-	-	-	(78,176)
Profit/(Loss) before taxation	(217,027)	1,573,799	(692,774)	387,603	1,051,601
Income tax expense					(592,708)
Profit after taxation					<u>458,893</u>
<b>Assets</b>					
Segment assets	59,482,064	31,107,630	58,981,453	(74,323,914)	75,247,233
Unallocated assets	667,477	153,129	31,503	-	852,109
Consolidated total assets					<u>76,099,342</u>
<b>Liabilities</b>					
Segment liabilities	26,398,534	10,909,336	19,594,825	(50,028,817)	6,873,878
Unallocated liabilities	1,521,478	4,377,328	-	-	5,898,806
Consolidated total liabilities					<u>12,772,684</u>
<b>Other Segment Items</b>					
Amortisation of intangible asset	564	26,207	8,559	-	35,330
Capital expenditure:					
- Property, plant and equipment	1,224,575	249,595	7,489	-	1,481,659
Depreciation of property, plant and equipment	1,777,846	887,703	69,334	-	2,734,883
Property, plant and equipment written off	232,782	1	-	-	<u>232,783</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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>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)	-
Total revenue	51,980,325	15,421,911	762,990	(7,109,126)	61,056,100
<b>Results</b>					
Segment results	60,120	843,377	(1,552,745)	(1,442,716)	(2,091,964)
Finance costs	(71,432)	-	-	-	(71,432)
Profit/(Loss) before taxation	(11,312)	843,377	(1,552,745)	(1,442,716)	(2,163,396)
Income tax expense					(921,640)
Loss after taxation					(3,085,036)
<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
Consolidated total assets					75,784,458
<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
Consolidated total liabilities					12,837,236
<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 2017

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	55,571,538	56,185,222	49,878,446	50,786,610
Hong Kong	2,073,055	2,002,899	272,946	247,413
Taiwan	2,399,405	2,867,979	430,816	399,606
	60,043,998	61,056,100	50,582,208	51,433,629

### 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.

### 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	
	2017 RM	2016 RM	2017 RM	2016 RM
(i) Subsidiaries:				
Expenses paid on behalf of	-	-	7,000	23,900
Expenses paid by	-	-	219	-
Advances to	-	-	550,000	-
Management fee received	-	-	105,600	107,600
Dividend received	-	-	-	750,000
(ii) Related parties:				
Rental expenses	1,285,200	1,285,200	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

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

### 41.2 Significant related party transaction and balances *cont'd*

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

### 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short-term employee benefits	4,038,419	4,230,843	108,000	108,000

## 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 does not have material transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

##### (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 2017

cont'd

## 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	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Fixed rate instruments</b>				
Deposits with licensed banks	12,158,834	12,472,312	815,656	603,902
Hire purchase payables	(185,820)	(5,548)	-	-
	11,973,014	12,466,764	815,656	603,902

	The Group	
	2017 RM	2016 RM
<b>Floating rate instruments</b>		
Term loans	(1,389,685)	(1,174,427)

##### 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	
	2017 Increase/ (Decrease) RM	2016 Increase/ (Decrease) RM
<b>Effects on Profit/(Loss) After Taxation/Equity</b>		
Increase of 100 basis points	(10,562)	(8,926)
Decrease of 100 basis points	10,562	8,926

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 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 equity price risk is monitored closely and managed to an acceptable level.

##### 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	
	2017	2016
	RM	RM
Quoted shares in Malaysia	121,275	240,300
Quoted shares outside Malaysia	28,711	24,390
	149,986	264,690

##### 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	
	2017	2016
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
<b>Effects on Other Comprehensive Income</b>		
Increase of 10%	14,999	26,469
Decrease of 10%	(14,999)	(26,469)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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	
	2017	2016
	RM	RM
Malaysia	546,610	373,210
Hong Kong	4,959	6,655
Taiwan	17,925	3,104
	569,494	382,969

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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>2017</b>				
Not past due	320,711	-	-	320,711
Past due:				
- less than 3 months	140,191	-	-	140,191
- 3 to 6 months	39,971	-	-	39,971
- over 6 months	801,963	(733,342)	-	68,621
	1,302,836	(733,342)	-	569,494
<b>2016</b>				
Not past due	255,957	-	-	255,957
Past due:				
- less than 3 months	39,235	-	-	39,235
- 3 to 6 months	496	-	-	496
- over 6 months	834,123	(746,842)	-	87,281
	1,129,811	(746,842)	-	382,969

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 2017

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>2017</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	2,523,763	2,523,763	2,523,763	-	-
Other payables and accruals	-	2,774,610	2,774,610	2,774,610	-	-
Hire purchase payables	4.10	185,820	213,675	46,620	167,055	-
Term loans	4.50 - 4.72	1,389,685	2,036,193	118,128	472,512	1,445,553
		6,873,878	7,548,241	5,463,121	639,567	1,445,553
<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	3.38	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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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>2017</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	189,870	189,870	189,870
Amount owing to subsidiaries	-	5,032,295	5,032,295	5,032,295
		5,222,165	5,222,165	5,222,165
<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

### 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 2017  
cont'd

## 42. FINANCIAL INSTRUMENTS *cont'd*

### 42.3 Classification Of Financial Instruments

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Financial Assets</b>				
<u>Available-for-sale Financial Assets</u>				
Other investments	257,756	372,460	-	-
<u>Loans and Receivables Financial Assets</u>				
Trade receivables	569,494	382,969	-	-
Other receivables, deposits and staff loans	2,579,844	2,718,733	44,166	117,989
Amount owing by subsidiaries	-	-	8,352,062	9,247,730
Amount owing by associates	300,100	-	-	-
Deposits with licensed banks	12,158,834	12,472,312	815,656	603,902
Cash and bank balances	3,317,752	3,798,399	80,822	181,529
	18,926,024	19,372,413	9,292,706	10,151,150
<u>Fair Value through Profit or Loss</u>				
Short-term investments with financial institutions	239,768	232,520	-	-
<b>Financial Liabilities</b>				
<u>Other Financial Liabilities</u>				
Trade payables	2,523,763	3,196,389	-	-
Other payables and accruals	2,774,610	2,309,120	189,870	169,085
Amount owing to subsidiaries	-	-	5,032,295	5,882,295
Hire purchase payables	185,820	5,548	-	-
Term loans	1,389,685	1,174,427	-	-
	6,873,878	6,685,484	5,222,165	6,051,380

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2017</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted investments	149,986	-	-	-	-	-	149,986	149,986
- golf club membership	-	-	-	-	-	-	#	107,770
Short-term investments with financial institutions	-	239,768	-	-	-	-	239,768	239,768
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	213,675	-	213,675	185,820
Term loans	-	-	-	-	1,389,685	-	1,389,685	1,389,685
<b>2016</b>								
<u>Financial Assets</u>								
Other investments:								
- quoted investments	264,690	-	-	-	-	-	264,690	264,690
- golf club membership	-	-	-	-	-	-	#	107,770
Short-term investments with financial institutions	-	232,520	-	-	-	-	232,520	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

Note:

# - The fair value cannot be reliably measured using valuation techniques.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 42. FINANCIAL INSTRUMENTS *cont'd*

### 42.4 Fair Value Information *cont'd*

#### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair values of above have been determined using the following basis:-

- (i) The fair value of quoted investment is estimated based on their quoted closing bid prices at the end of the reporting period.
- (ii) The fair value of short-term investments with financial institutions is estimated based on their observable input, either directly or indirectly.

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

#### (b) Fair Value of Financial Instruments not Carried at Fair Value

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	
	2017	2016
Hire purchase payables	4.10%	3.38%
Term loans	4.50 - 4.72%	4.85%

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are as follows:-

- (1) On 17 April 2016, 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 2016, 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 2017 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 23 September 2016, a total of 1,415,000 Special Issue Shares were issued, listed and quoted on the ACE Market of Bursa Securities, marking the completion of the Special Bumiputera Issue.

- (2) The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital;
- (ii) Ordinary shares will cease to have par value; and
- (iii) Share premium account will become part of the share capital.

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in the respective notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

cont'd

## 44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Consolidated Statements of Profit or Loss and Other Comprehensive Income (Extract):-		
Selling and distribution expenses	29,510,571	30,531,506
Administrative expenses	13,998,837	12,977,902

## 45. 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	1,085,126	1,172,067	(1,488,873)	(1,143,320)
- unrealised	4,934,527	5,760,326	-	-
	6,019,653	6,932,393	(1,488,873)	(1,143,320)
Total share of losses of associates:				
- realised	(511,385)	(236,938)	-	-
	5,508,268	6,695,455	(1,488,873)	(1,143,320)
Less: Consolidation adjustments	(9,204,507)	(11,088,493)	-	-
At 31 March	(3,696,239)	(4,393,038)	(1,488,873)	(1,143,320)



# TEN LARGEST PROPERTIES HELD BY THE GROUP

As at 30 June 2017

Registered No. owner	Location	Description/ 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 31/03/2017 (RM'000)	Year of Last Revaluation
1. Haewaytian Restaurant Sdn. Bhd.	No. 28, Jalan Datoh, 30000 Ipoh, Perak Darul Ridzuan	Restaurant	Commercial/ Building	Freehold	-	9	43,287	28,555	10,860	31/03/2016
2. Haewaytian Cake House Sdn. Bhd.	Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor Darul Ehsan	2-storey detached warehouse cum factory with 1-storey office attached/warehouse, factory cum office	Industrial Land/ Building	Leasehold 99 years	79 years (11.12.2096)	14	84,067	63,246	21,660	31/03/2016
3. Restoran Oversea (PJ) 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, Wilayah Persekutuan	2-storey shop office/property investment	Commercial/ Building	Freehold	-	9	1,430	2,487	1,500	31/03/2017
4. Restoran Tsim Tung Sdn. Bhd.	No. 18, Pandan Indah 4/6, Pandan Indah, 55100 Kuala Lumpur, Wilayah Persekutuan	Restaurant	Commercial/ Building	Leasehold 99 years	76 Years (06.06.2093)	21	1,302	1,107	1,085	31/03/2016
5. Restoran Tsim Tung Sdn. Bhd.	No. 20, Pandan Indah 4/6, Pandan Indah, 55100 Kuala Lumpur, Wilayah Persekutuan	Restaurant	Commercial/ Building	Leasehold 99 years	76 Years (06.06.2093)	21	1,302	1,107	1,085	31/03/2016
6. Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 29, Jalan SS 15/2B, 47500 Subang Jaya, Selangor Darul Ehsan	Staff's hostel	Residential/ Building	Freehold	-	38	2,560	1,524	1,197	31/03/2016
7. Haewaytian Restaurant Sdn. Bhd.	No. 57, Jalan Seenivasagam, 30450 Ipoh, Perak Darul Ridzuan	Restaurant, storage facilities and staff's hostel	Commercial/ Building	Leasehold 99 years	61 years (20.12.2078)	38	1,894	5,187	932	31/03/2016
8. Oversea Training Academy Sdn. Bhd.	No. 477, Jalan 5/46, Section 5, 46000 Petaling Jaya, Selangor Darul Ehsan	2-storey townhouse/for rental purposes	Residential/ Building	Freehold	-	47	1,700	2,060	950	31/03/2017
9. Restoran Oversea (PJ) Sdn. Bhd.	No. 31, Jalan U5/28, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan	1 1/2 storey terrace /factory, store room	Industrial Land/ Building	Leasehold 99 years	79 years (11.12.2096)	17	3,003	3,181	1,084	31/03/2016
10. Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 4, Jalan SS15/3A, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan	Staff's hostel	Residential/ Building	Freehold	-	38	1,760	1,818	947	31/03/2016

Note: Other disclosure on land building owned by the Group are immaterial to disclose individually.

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2017

Class of Securities	: Ordinary shares
Total Issued Share Capital	: RM49,283,000.00 comprising 246,415,000 ordinary shares
Voting Rights	: One vote per share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%*	No. of Shares	%*
Less than 100	84	7.43	2,661	0.00
100 - 1,000	203	17.96	88,049	0.04
1,001 - 10,000	300	26.55	1,856,610	0.76
10,001 - 100,000	442	39.12	17,986,600	7.42
100,001 - less than 5% of issued shares	98	8.67	68,477,859	28.24
5% and above of issued shares	3	0.27	154,103,221	63.54
	<b>1,130</b>	<b>100.00</b>	<b>242,515,000</b>	<b>100.00</b>

Note:

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 30 June 2017.

## LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company (holding 5% or more of the capital) based on the Register of Substantial Shareholders of the Company are as follows:-

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%*	No. of Shares*	%*
Yu Soo Chye @ Yee Soo Chye	82,744,270	34.12	-	-
Lee Lim & Sons Sdn. Bhd.	50,898,358	20.99	-	-
Lee Pek Yoke	20,460,593	8.44	-	-
Lee Seng Fan	5,868,496	2.42	50,917,358 <sup>(1)</sup>	21.00
Lee Seng Pun	497,000	0.20	50,898,358 <sup>(2)</sup>	20.99

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 30 June 2017.

(1) Deemed interested by virtue of his shareholdings in Lee Lim & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and his spouse' shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

(2) Deemed interested by virtue of his shareholdings in Lee Lim & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2017  
cont'd

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of the Company based on the Register of Directors' Shareholdings of the Company are as follows:

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%*	No. of Shares*	%*
Yu Soo Chye @ Yee Soo Chye	82,744,270	34.12	-	-
Lee Pek Yoke	20,460,593	8.44	-	-
Khong Yik Kam	6,256,338	2.58	1,550,000 <sup>(3)</sup>	0.64
Lee Seng Fan	5,868,496	2.42	50,917,358 <sup>(4)</sup>	21.00
Yu Tack Tein	-	-	600,033 <sup>(5)</sup>	0.25
Koong Lin Loong	100,000	0.04	-	-
Chiam Soon Hock	100,000	0.04	-	-
Chui Mee Chuen	-	-	-	-
Yu Suat Yin ( <i>Alternate Director</i> )	163,333	0.07	10,000 <sup>(6)</sup>	negligible

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 30 June 2017.

(3) Deemed interested by virtue of his shareholdings and directorship in Rurng Juang Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 as well as his spouse and children's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

(4) Deemed interested by virtue of his shareholdings in Lee Lim & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

(5) Deemed interested by virtue of his directorship and shareholdings in Simple Angel Capital pursuant to Section 8(4) of the Companies Act 2016.

(6) Deemed interested by virtue of the shareholdings of her spouse in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDINGS

As at 30 June 2017

cont'd

## LIST OF 30 LARGEST SHAREHOLDERS REGISTERED

No.	Name	No. of Shares Held	%*
1	Yu Soo Chye @ Yee Soo Chye	82,744,270	34.12
2	Lee Lim & Sons Sdn. Bhd.	50,898,358	20.99
3	Lee Pek Yoke	20,460,593	8.44
4	Ting Sii Liong	9,291,700	3.83
5	Tan Han Chuan	8,157,700	3.36
6	Kwan Sia Hock	7,696,493	3.17
7	Khong Yik Kam	6,256,338	2.58
8	Lee Seng Fan	5,868,496	2.42
9	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tan Ching Ching)	4,403,600	1.82
10	Chen Khai Voon	2,250,000	0.93
11	Rurng Juang Realty Sdn. Bhd.	950,000	0.39
12	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Hoo Yeek Foo)	902,700	0.37
13	Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Cheah Tuck Hing)	825,000	0.34
14	Phua Bee Hua	824,800	0.34
15	Yeoh Soon Cheng	720,700	0.30
16	M & A Nominee (Asing) Sdn. Bhd. (Pledged Securities Account for Meng Bin)	714,100	0.29
17	Lim Theam Chuan	687,100	0.28
18	Kok Chee Mun	650,600	0.27
19	Simple Angel Capital Sdn. Bhd.	600,033	0.25
20	Jimmy Lim Thaw Chay	500,000	0.21
21	Public Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Wong Siew Oon)	500,000	0.21
22	RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Low Choon Chong)	500,000	0.21
23	Lee Seng Pun	497,000	0.20
24	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Chong Kok An)	493,700	0.20
25	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teh Teaw Kee)	457,300	0.19
26	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Foong Poh Mei)	435,000	0.18
27	Khong Huey Hoong	400,000	0.16
28	Goh Siang Giang	390,000	0.16
29	Lim Ka Chong	355,000	0.15
30	Chia Liang Chuan	324,100	0.13
	<b>Total</b>	<b>209,754,681</b>	<b>86.49</b>

\* Exclude the 3,900,000 shares that have been purchased and retained as treasury shares as at 30 June 2017.

# NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN THAT** the Twenty-Second (“22nd”) Annual General Meeting of 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, Wilayah Persekutuan on Thursday, 24 August 2017 at 11:00 a.m. or at any adjournment thereof for the following purposes:-

## AGENDA

### As Ordinary Business

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and the Auditors thereon.   | <b>Please refer to Explanatory Note B1</b> |
| 2. | To approve the payment of Directors’ fees amounting to RM108,000/- for the financial year ended 31 March 2017.  | <b>Resolution 1</b>                        |
| 3. | To re-elect the following Directors who retire pursuant to Article 85 of the Company’s Articles of Association, and being eligible, have offered themselves for re-election:-<br><br>(a) Madam Lee Pek Yoke<br>(b) Mr. Yu Tack Tein | <b>Resolution 2</b><br><b>Resolution 3</b> |
| 4. | To re-elect Ms. Chui Mee Chuen as Director who retire pursuant to Article 92 of the Company’s Articles of Association, and being eligible, has offered herself for re-election.   | <b>Resolution 4</b>                        |
| 5. | To re-appoint Mr. Yu Soo Chye @ Yee Soo Chye as Director of the Company.  | <b>Resolution 5</b>                        |
| 6. | To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.  | <b>Resolution 6</b>                        |

### As Special Business

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

- |    |   |                     |
|----|---|---------------------|
| 7. | <b>ORDINARY RESOLUTION NO. 1</b><br><b>- PAYMENT OF BENEFIT PAYABLE TO THE DIRECTORS UNDER SECTION 230(1) (B) OF THE COMPANIES ACT 2016</b><br><br>“THAT the benefits payable to the Directors up to an amount of RM85,000/- for the period from 1 February 2017 until the next Annual General Meeting of the Company in year 2018 pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment.” | <b>Resolution 7</b> |
|----|---|---------------------|

# NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

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

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

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

**Resolution 8**

9. **ORDINARY RESOLUTION NO. 3**  
**- PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject to the Companies Act 2016, the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad ACE Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature as set out in Paragraph 2.3 of the Company's Circular to Shareholders dated 31 July 2017 with the related parties mentioned therein which are necessary for the Company's day-to-day operations subject further to the following:-

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and on terms not to the detriment of the minority shareholders; and
- (b) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:
  - (i) the types of recurrent related party transactions made;
  - (ii) the names of the related parties involved in each type of the recurrent related;
  - (iii) party transactions made and their relationship with the Company.

AND THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such Proposed Renewal of and New Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at an Annual General Meeting, the authority is renewed;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

# NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

whichever is earlier;

And the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution.”

## Resolution 9

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

### By Order of the Board

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

Kuala Lumpur  
31 July 2017

### Notes:

#### (A) Information for Shareholders/Proxies

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 17 August 2017. Only a depositor whose name appears on the Record of Depositors as at 17 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A proxy need not be a member of the Company or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar. There is no restriction as to the qualification of the proxy. 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.
3. 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, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, 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).
4. A member shall not appoint more than two (2) proxies to attend at the same meeting and the appointment shall be invalid unless the member specified the proportions of his/their holdings to be represented by each proxy.
5. 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.
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. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - (a) the constitution of the quorum at such meeting;
  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

# NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

## **Explanatory Notes to Ordinary Business:-**

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

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

### **(C) Resolution 1 - Payment of Directors' Fees**

1. This Agenda item is to approve the Proposed Directors' fees for the financial year ended 31 March 2017 of RM108,000/- (2016: RM108,000/-).

The Resolution 1, if approved, will authorise the payment of Directors' Fees pursuant to Article 94 of the Articles of Association of the Company.

### **(D) Resolutions 2 to 4 - Re-election of Directors**

1. In determining the eligibility of the Directors to stand for re-election at the forthcoming 22nd Annual General Meeting, the Nominating Committee ("NC") has considered the requirements under Paragraph 2.20A of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and recommended Madam Lee Pek Yoke and Mr. Yu Tack Tein for re-election as Directors pursuant to Article 85 of the Articles of Association of the Company and Ms. Chui Mee Chuen for re-election as Director pursuant to Article 92 of the Articles of Association of the Company ("Retiring Directors").

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

### **(E) Resolution 5 - Re-appointment of Director**

1. This agenda item is to deliberate the re-appointment of Mr. Yu Soo Chye @ Yee Soo Chye who is to hold office until the conclusion of this 22nd Annual General Meeting pursuant to Section 129(6) of the now Repealed Companies Act, 1965.

### **(F) Resolution 6 - Re-appointment of Auditors**

1. The Audit Committee ("AC") have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. Crowe Horwath as External Auditors of the Company for the financial year ending 31 March 2018. The Board has in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 22nd Annual General Meeting of the Company under Resolution 6.

## **Explanatory Notes to Special Business:**

### **(G) Resolution 7 - Payment of Benefits Payable to the Directors**

1. The benefits payable to the Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Remuneration Committee ("RC") and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period of between 1 February 2017 to the next Annual General Meeting of the Company in year 2018. The benefits comprised solely of benefit-in-kind i.e. provision of motor vehicles.

### **(H) Resolution 8 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

1. The Company wishes to renew the mandate on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the 22nd Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Twenty-First Annual General Meeting of the Company held on 25 August 2016 (hereinafter referred to as the "Previous Mandate").

Pursuant to the Previous Mandate, the Company has undertaken a Special Bumiputera Issue of 1,415,000 new ordinary shares of RM0.20 each in the Company to Bumiputera Investors identified and/or approved by the Ministry of International Trade and Industry, at an issue price of RM0.20 per special issue share and was listed on 23 September 2016. The proceeds raised from the said exercise was RM283,000/-.



# NOTICE OF THE TWENTY-SECOND ANNUAL GENERAL MEETING

cont'd

The details of utilisation of the proceeds from the abovementioned corporate exercise were as follow:-

	<b>Status of utilisation</b>	<b>Amount utilised (RM)</b>	<b>Amount unutilised (RM)</b>
Working capital	Fully utilised	283,000	-

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

**(I) Resolution 9 - Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

1. The proposed adoption of the Ordinary Resolution No. 3 is to renew as well as obtaining new shareholders' mandate granted by the shareholders of the Company at the forthcoming 22nd Annual General Meeting held on 24 August 2017. The proposed renewal of and new shareholders' mandate will enable the Company and its subsidiaries to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

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海外天集团有限公司

OVERSEA ENTERPRISE BERHAD (317155-U)  
(Incorporated in Malaysia)

PROXY FORM

Number of shares held	CDS Account No.

\*I/We, \_\_\_\_\_ Company No./NRIC No. \_\_\_\_\_  
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a Member/Members of **Oversea Enterprise Berhad**, do hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME AS PER NRIC IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME AS PER NRIC IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/her, the CHAIRMAN OF THE MEETING, as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the Twenty-Second (“22nd”) 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, Wilayah Persekutuan on Thursday, 24 August 2017 at 11:00 a.m. or at any adjournment thereof.

Please indicate with an “X” in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS			FOR	AGAINST
1.	Payment of Directors’ Fees	(Resolution 1)		
2.	To re-elect Madam Lee Pek Yoke as Director (Article 85)	(Resolution 2)		
3.	To re-elect Mr. Yu Tack Tein as Director (Article 85)	(Resolution 3)		
4.	To re-elect Ms. Chui Mee Chuen as Director (Article 92)	(Resolution 4)		
5.	To re-appoint Mr. Yu Soo Chye @ Yee Soo Chye as Director	(Resolution 5)		
6.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company	(Resolution 6)		
<b>As Special Business</b>				
7.	Ordinary Resolution No. 1 - To approve the benefit payable to the Directors under Section 230(1)(b) of the Companies Act 2016	(Resolution 7)		
8.	Ordinary Resolution No. 2 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	(Resolution 8)		
9.	Ordinary Resolution No. 3 - Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	(Resolution 9)		

\* Strike out whichever not applicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Signature of Member/Common Seal

Fold This Flap For Sealing

Notes:

1. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 17 August 2017. Only a depositor whose name appears on the Record of Depositors as at 17 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A proxy need not be a member of the Company or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar. There is no restriction as to the qualification of the proxy. 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.
3. 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, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, 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).
4. A member shall not appoint more than two (2) proxies to attend at the same meeting and the appointment shall be invalid unless the member specified the proportions of his/their holdings to be represented by each proxy.
5. 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.
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  - (b) the validity of anything he did as Chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

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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,  
Wilayah Persekutuan

1st Fold Here



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,  
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