Unless otherwise stated, all terms and abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your PCCS Shares, you should immediately hand this AP together with the NPA and RSF (collectively referred to as "**Documents**") to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants to our Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 30 November 2017 at their registered addresses in Malaysia or who have provided our Share Registrar with an address in Malaysia in writing on or before 5.00 p.m. on 30 November 2017. The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of our Entitled Shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional advisers as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company, Kenanga Investment Bank Berhad ("**Kenanga IB**") nor our other professional advisers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance, sale, renunciation or transfer of the provisional Rights Shares with Warrants, the application for the excess Rights Shares with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares with Warrants made by our Entitled Shareholders, and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholder and/or his renouncee/transferee (if applicable) is a resident.

This AP has been registered by the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents have also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

Our shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 20 September 2017. Bursa Securities had vide its letter dated 11 July 2017 approved the admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new PCCS Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. Admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new PCCS Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the successful Entitled Shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these Documents false or misleading.

Kenanga IB, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

PCCS

PCCS GROUP BERHAD
(Company No. 280929-K)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 150,030,005 NEW ORDINARY SHARES IN PCCS GROUP BERHAD ("PCCS") ("PCCS SHARES") ("RIGHTS SHARES") ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 2 EXISTING PCCS SHARES HELD AS AT 5.00 P.M. ON 30 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 90,018,003 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 5 RIGHTS SHARES SUBSCRIBED FOR ("RIGHTS ISSUE OF SHARES WITH WARRANTS")

Adviser

kenanga

Kenanga Investment Bank Berhad
Company No. 15678-H
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES		
Entitlement Date	:	Thursday, 30 November 2017 at 5.00 p.m.
Last date and time for:		
Sale of provisional Rights Shares with Warrants	:	Friday, 8 December 2017 at 5.00 p.m.
Transfer of provisional Rights Shares with Warrants	:	Wednesday, 13 December 2017 at 4.00 p.m.
Acceptance and payment for the provisional Rights Shares with Warrants	:	Monday, 18 December 2017 at 5.00 p.m.
Application and payment for the excess Rights Shares with Warrants	:	Monday, 18 December 2017 at 5.00 p.m.

This Abridged Prospectus is dated 30 November 2017

UNLESS OTHERWISE STATED, ALL TERMS AND ABBREVIATIONS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW PCCS SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DOCUMENTS HAVE BEEN PREPARED AND ARE PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE, OUR ADVISER AND OTHER PROFESSIONAL ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

NEITHER OUR ADVISER NOR OTHER PROFESSIONAL ADVISERS MAKE ANY REPRESENTATION, WARRANTY OR RECOMMENDATION WHATSOEVER TO THE MERITS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS, OUR COMPANY OR GROUP OR ANY OTHER MATTER RELATED THERETO OR IN CONNECTION THEREWITH.

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Company No. 280929-K

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

"5D-VWAP"	:	5-day volume weighted average market price
"Act"	:	Companies Act, 2016
"Announcement"	:	Announcement of the Corporate Exercises dated 5 May 2017
"AP"	:	This Abridged Prospectus issued by our Company dated 30 November 2017
"Bloomberg"	:	Bloomberg Finance L.P.
"Board"	:	Board of Directors of PCCS
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CCS Capital" or "Undertaking Shareholder"	:	CCS Capital Sdn Bhd
"CDS"	:	Central Depository System
"Chan Family"	:	Collectively, Chan Choo Sing, Tan Kwee Kee, Chan Wee Kiang and Chan Wee Boon
"China"	:	People's Republic of China
"CMSA"	:	The Capital Markets and Services Act, 2007
"Corporate Exercises"	:	Collectively, the Rights Issue of Shares with Warrants and the Exemption
"Deed Poll"	:	The document constituting the Warrants dated 27 October 2017
"Director"	:	A natural person who holds a directorship in our Company, whether in an executive or non-executive capacity, within the meaning of Section 2 of the Act and Section 2(1) of the CMSA
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting of our Company held on 20 September 2017
"Entitled Shareholders"	:	Our shareholders whose names appear on our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	30 November 2017 at 5.00 p.m. being the date and time on which the names of our shareholders must appear on the Record of Depositors in order to be entitled for the Rights Issue of Shares with Warrants
"EPS"	:	Earnings per PCCS Share
"Exemption"	:	Exemption to CCS Capital under Paragraph 4.08 of the Rules from the obligation to undertake a mandatory take-over offer for all the remaining PCCS Shares not already owned by CCS Capital and its PACs upon completion of the Rights Issue of Shares with Warrants
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be

DEFINITIONS (*CONT'D*)

"GAL"	:	Global Apparels Limited
"GP"	:	Gross profit
"HKD"	:	Hong Kong Dollar
"Kenanga IB" or the "Adviser"	:	Kenanga Investment Bank Berhad
"LAT"	:	Loss after tax
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	13 November 2017, being the latest practicable date prior to the registration of this AP
"LPS"	:	Loss per PCCS Share
"Market Day"	:	A day on which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all our Entitled Shareholders and/or their renouncee(s) fully subscribe for their entitlements of the Rights Shares
"Minimum Scenario"	:	Assuming only the Undertaking Shareholder subscribes for the Rights Shares pursuant to the Undertaking
"Minimum Subscription Level"	:	Minimum level of subscription of 42,346,310 Rights Shares together with 25,407,786 Warrants
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
"NTA"	:	Net tangible assets
"Official List"	:	A list specifying all securities listed which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAC"	:	Person acting in concert
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PCCS" or "Company"	:	PCCS Group Berhad
"PCCS Group" or "Group"	:	Collectively, PCCS and its subsidiaries
"PCCS Shares" or "Shares"	:	Ordinary shares in our Company
"Price-Fixing Date"	:	27 October 2017, being the date on which the issue price and the exercise price of the Warrants was determined and announced by our Board
"Proposed Rationalisation"	:	Proposed rationalisation by the Chan Family of their direct equity interests in our Company by transferring all their PCCS Shares (i.e., 7,138,524 PCCS Shares representing equity interest of 11.90% in our Company as at the LPD) to CCS Capital after the completion of the Rights Issue of Shares with Warrants
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
"RMB"	:	Renminbi

"Rights Issue of Shares with Warrants"	:	Renounceable rights issue of up to 150,030,005 Rights Shares on the basis of 5 Rights Shares for every 2 existing PCCS Shares held on the Entitlement Date, together with up to 90,018,003 Warrants on the basis of 3 Warrants for every 5 Rights Shares subscribed at the Entitlement Date
"Rights Shares"	:	Up to 150,030,005 new PCCS Shares to be issued pursuant to the Rights Issue of Shares with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights subscription form in relation to the Rights Issue of Shares with Warrants
"Rules"	:	SC's Rules on Take-Overs, Mergers and Compulsory Acquisitions
"Rules of Bursa Depository"	:	Rules of Bursa Depository as issued pursuant to the SICDA
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Securities Services (Holdings) Sdn Bhd
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time and any re-enactment thereof
"SSSB"	:	Setia Sempurna Sdn Bhd
"SYG"	:	Shern Yee Garments Sdn Bhd
"TERP"	:	Theoretical ex-rights price
"Undertaking"	:	Unconditional and irrevocable written undertaking dated 5 May 2017 from the Undertaking Shareholder that it will not dispose any of its PCCS Shares following the Announcement up to the Entitlement Date and that it will subscribe for a minimum of 42,346,310 Rights Shares together with 25,407,786 Warrants pursuant to the Rights Issue of Shares with Warrants
"USD"	:	United States Dollar
"Warrants"	:	Up to 90,018,003 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants

All references to "**our Company**" and/or "**PCCS**" in this AP are to PCCS Group Berhad. References to "**our Group**" and/or "**PCCS Group**" are to PCCS and our subsidiaries and references to "**we**", "**us**" "**our**" and "**ourselves**" are to PCCS and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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Company No. 280929-K

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Julian Lim Wee Liang *(Senior Independent Non-Executive Chairman)*	No. 1A, Jalan Keembong, Taman Perdana, 83000 Batu Pahat, Johor	43	Malaysian	Chartered Accountant
Chan Choo Sing *(Group Managing Director)*	No. 64, Jalan Perdana 17, Taman Bukit Perdana, 83000 Batu Pahat, Johor	63	Malaysian	Group Managing Director
Chan Chow Tek *(Executive Director)*	No. 33, Jalan Kelapa Utama, Taman Soga, 83000 Batu Pahat, Johor	60	Malaysian	Executive Director
Dato' Chan Chor Ngiak *(Non-Independent Non-Executive Director)*	No. 50, Jalan Keembong, Taman Perdana, 83000 Batu Pahat, Johor	55	Malaysian	Company Director
Chan Chor Ang *(Non-Independent Non-Executive Director)*	79, Jalan Lada Hitam, 83000 Batu Pahat, Johor	54	Malaysian	Company Director
Piong Yew Peng *(Independent Non-Executive Director)*	No. 96, Jalan M21, Taman Merbok, Bukit Baru, 75450 Melaka	47	Malaysian	Accountant

AUDIT COMMITTEE

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

COMPANY SECRETARIES : Chua Siew Chuan (MAICSA 0777689)
Cheng Chia Ping (MAICSA 1032514)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel. no. : 03-2084 9000
Fax. no. : 03-2094 9940 / 2095 0292

REGISTERED OFFICE : Lot 1376, GM 127
Mukim Simpang Kanan
Jalan Kluang
83000 Batu Pahat
Johor
Tel. no. : 07-456 8866
Fax. no. : 07-456 8860

CORPORATE DIRECTORY (*CONT'D*)

HEAD/MANAGEMENT OFFICE/ PRINCIPAL PLACE OF BUSINESS	:	Lot 1376, GM 127 Mukim Simpang Kanan Jalan Kluang 83000 Batu Pahat Johor Tel. no. : 07-456 8866 Fax. no. : 07-456 8860 Website : www.pccsgroup.net
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel no : 03-2084 9000 Fax no : 03-2094 9940 / 2095 0292
AUDITORS	:	Ernst & Young Chartered Accountants Level 16-1, Jaya 99, Tower B 99 Jalan Tun Sri Lanang 75100 Melaka Tel. no. : 06-288 2399 Fax. no. : 06-283 2899
REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	Cheng & Co Chartered Accountants 37-03, Jalan Harmonium 35/1 Taman Desa Tebrau 81100 Johor Bahru Johor Tel. no. : 07-357 5986/ 357 5987/357 5988 Fax. no. : 07-357 5985
SOLICITORS FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	Lee Hishammuddin Allen & Gledhill Level 6, Menara 1 Dutamas Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur Tel. no. : 03 6208 5888 Fax. no. : 03 6201 0122
PRINCIPAL BANKERS	:	Malayan Banking Berhad Level 13, Office Tower Johor Bahru City Square 108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Tel. no. : 07-219 3658 Fax. no. :07-226 0300 United Overseas Bank (Malaysia) Berhad Bangunan UOB, Ground Floor 8, Jalan Ponderosa 2/1 Taman Ponderosa 81100 Johor Bahru Tel. no. : 07-360 6800 Fax. no. : 07-355 3761

CORPORATE DIRECTORY (*CONT'D*)

ADVISER FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS	:	Kenanga Investment Bank Berhad Level 17, Kenanga Tower 237, Jalan Tun Razak 50400 Kuala Lumpur Tel. no. : 03-2172 2888 Fax. no. : 03-2172 2999
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities

PCCS GROUP BERHAD
(Company No. 280929-K)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office:

Lot 1376, GM 127
Mukim Simpang Kanan
Jalan Kluang
83000 Batu Pahat
Johor Darul Takzim

30 November 2017

Board of Directors:

Julian Lim Wee Liang	*(Senior Independent Non-Executive Chairman)*
Chan Choo Sing	*(Group Managing Director)*
Chan Chow Tek	*(Executive Director)*
Dato' Chan Chor Ngiak	*(Non-Independent Non-Executive Director)*
Chan Chor Ang	*(Non-Independent Non-Executive Director)*
Piong Yew Peng	*(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE OF SHARES WITH WARRANTS

I. INTRODUCTION

On 5 May 2017, Kenanga IB had, on behalf of our Board, announced that our Company proposes to undertake the Corporate Exercises.

Pursuant to the Rules, our Board had on 5 May 2017 appointed Public Investment Bank Berhad as the independent adviser to advise our non-interested Directors and non-interested shareholders of our Company on the Exemption.

On 16 June 2017, Kenanga IB had, on behalf of our Board, announced that the Chan Family intends to undertake the Proposed Rationalisation after the completion of the Rights Issue of Shares with Warrants instead of before the implementation of the Rights Issue of Shares with Warrants as disclosed in the Announcement, and the Chan Family has provided written unconditional and irrevocable undertaking that they will renounce their entire entitlements of 17,846,310 Rights Shares under the Rights Issue of Shares with Warrants to CCS Capital.

The Proposed Rationalisation is undertaken to allow the Chan Family to rationalise their equity interests in PCCS under a single investment vehicle (i.e. CCS Capital) to facilitate the management of the Chan Family's investments in PCCS.

On 11 July 2017, Bursa Securities had given its approval for the:

(i) listing of and quotation for the Rights Shares;

(ii) admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants; and

(iii) listing of and quotation for the new PCCS shares to be issued pursuant to the exercise of the Warrants,

on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:

	Conditions imposed	**Status of compliance**
(i)	PCCS and Kenanga IB, being the principal adviser, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Shares with Warrants;	To be complied with.
(ii)	PCCS and Kenanga IB to inform Bursa Securities upon the completion of the Rights Issue of Shares with Warrants;	To be complied with.
(iii)	PCCS and Kenanga IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Shares with Warrants is completed;	To be complied with.
(iv)	PCCS to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied with.
(v)	To incorporate Bursa Securities' comments in respect of the draft circular.	Complied.

Our shareholders had, at the EGM held on 20 September 2017, approved the Rights Issue of Shares with Warrants. A certified true extract of the ordinary resolution in relation to the Rights Issue of Shares with Warrants passed at the EGM is set out in Appendix I of this AP.

SC had, vide its letter dated 25 October 2017, approved the Exemption.

On 27 October 2017, Kenanga IB had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.20 each and the exercise price of the Warrants at RM0.60 each.

On 16 November 2017, Kenanga IB had, on behalf of our Board, announced that the Entitlement Date has been fixed on 30 November 2017 at 5.00 p.m.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of Shares with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by Kenanga IB in connection with the Rights Issue of Shares with Warrants.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

The Rights Issue of Shares with Warrants entails the issuance of up to 150,030,005 Rights Shares on the basis of 5 Rights Shares for every 2 existing PCCS Shares held, together with up to 90,018,003 Warrants on the basis of 3 Warrants for every 5 Rights Shares subscribed by our Entitled Shareholders at an issue price of RM0.20 per Rights Shares.

The ratios of 5 Rights Shares for every 2 existing PCCS Shares and 3 Warrants for every 5 Rights Shares were arrived at after taking into consideration the issue price of the Rights Shares of RM0.20 each and the funding requirements of our Group, as detailed in Section 2.1(a) and Section 5 of this AP, respectively. At the ratio of 5 Rights Shares for every 2 existing PCCS Shares and issue price of RM0.20 per Rights Shares, the Rights Issue of Shares with Warrants will raise up to RM30.01 million for the purposes set out in Section 5 of this AP.

In arriving at the ratio of 3 Warrants for every 5 Rights Shares subscribed for, our Board had ensured compliance with Paragraph 6.50 of the Listing Requirements that the potential aggregate number of new PCCS Shares arising from the exercise of Warrants will not exceed 50% of our Company's issued share capital (excluding treasury shares (if any) and before the exercise of the said Warrants) at all times.

The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by our Entitled Shareholders and/or their renouncees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable manner on a basis specified under Section 3.7 herein.

The entitlements for the Rights Shares with Warrants are renounceable in full or in part. Only our Entitled Shareholders and/or their renouncee(s) who successfully subscribe for the Rights Shares will be entitled to the Warrants. Our Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue of Shares with Warrants will simultaneously relinquish their corresponding entitlements to the Warrants. The Rights Shares and the Warrants cannot be renounced separately.

The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded from the Rights Shares on the Main Market of Bursa Securities.

In determining the shareholders' entitlements to the Rights Shares and Warrants under the Rights Issue of Shares with Warrants, fractional entitlements, if any, will be dealt with by our Board in such manner at its absolute discretion as it may deem fit, expedient or in the best interest of our Company.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to our Entitled Shareholders and/or their renouncees/transferees, if applicable. A notice of allotment will be despatched to the successful applicants within 8 Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within 8 Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants.

2.1 Basis of determining the issue price of the Right Shares and exercise price of the Warrants

(a) Rights Shares

The issue price of RM0.20 per Rights Shares is arrived at after taking into consideration the following:

(i) the TERP of the PCCS Shares based on the 5D-VWAP of PCCS Shares up to and including 26 October 2017, being the last trading date immediately preceding the Price-Fixing Date of RM0.5375; and

(ii) the funding requirements of PCCS Group, as detailed in Section 5 of this AP.

The issue price of RM0.20 is at a discount of approximately RM0.0964 or 32.52% to the TERP of PCCS Shares of RM0.2964.

(b) Warrants

The Warrants will be issued at no cost to our Entitled Shareholders who successfully subscribed for the Rights Shares.

The exercise price of RM0.60 per Warrant is arrived at after taking into consideration the TERP of PCCS Shares based on the 5D-VWAP of PCCS Shares up to and including 26 October 2017, being the last trading date immediately preceding the Price-Fixing Date of RM0.5375.

The exercise price of the Warrants of RM0.60 is at a premium of RM0.3036 or 102.43% to the TERP of PCCS Shares of RM0.2964.

2.2 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms		Details
Issue size	:	Up to 90,018,003 Warrants.
Form and denomination	:	The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants until 5:00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	:	RM0.60
Expiry date	:	The day falling 5 years from and including the date of issue of the Warrants, and if such date is not a market day, then on the preceding market day.
Exercise rights	:	Each Warrant carries the entitlement to subscribe for 1 new PCCS Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	:	The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new PCCS Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the rights to subscribe for 100 new PCCS Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.

Adjustments in the exercise price and/or number of the Warrants	:	The exercise price and/or number of unexercised Warrants shall from time to time be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll.
Provision for changes in the terms of the Warrants	:	Any modification to the Deed Poll (including the form and content of the certificate issued or to be issued in respect of the Warrants) may be effected only by a deed poll executed by our Company and expressed to be supplemental to the Deed Poll, subject to Clause 8.1 of the Deed Poll. Any modification shall however be subject to the approval of Bursa Securities (if so required).
Rights of the Warrant holders	:	The new PCCS Shares issued pursuant to the exercise of the Warrants are not entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the date of allotment and issuance of the new PCCS Shares upon the exercise of the Warrants. The Warrant holders are not entitled to vote in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company unless and until the Warrant holders become shareholders of our Company by exercising their Warrants into new PCCS Shares.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then every Warrant holder shall be entitled upon and subject to the provisions of the Deed Poll at any time within 6 weeks after the passing of such resolution for a member's voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/her Warrants to our Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the exercise rights represented by his/her Warrants to the extent specified in the relevant exercise forms and had on such date been the holder of the new PCCS Shares to which he/she would have been entitled to pursuant to such exercise. So long as the Warrants remain capable of being exercised, our Company must procure that no compromise or arrangement (within the meaning of Section 366 of the Act) affecting the share capital is proposed unless the Warrant holders are made parties to the compromise or arrangement and the compromise or arrangement is subject to approval by the Warrant holders in the manner prescribed by Section 366 of the Act.

Listing status	:	The Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants and the new PCCS Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.
Governing law	:	The laws of Malaysia.

2.3 Ranking of the Rights Shares and the new PCCS Shares to be issued arising from the exereise of the Warrants

The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new PCCS Shares.

The Rights Shares and the new PCCS Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing PCCS Shares, save and except that the Rights Shares and the new PCCS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new PCCS Shares arising from the exercise of the Warrants.

2.4 Minimum Subscription Level and Undertaking

The Rights Issue of Shares with Warrants will be undertaken on the Minimum Subscription Level basis. The Minimum Subscription Level has been determined by our Board after taking into consideration, *inter alia*, the funding requirements of our Group as set out in Section 5 of this AP.

SSSB, the existing major shareholder of our Company with equity interest of 39.99% in our Company, is unable to obtain collective consensus from its shareholders on its participation in the Rights Issue of Shares with Warrants, and therefore SSSB has provided written unconditional and irrevocable undertaking that it will renounce its entire entitlement of 60,000,195 Rights Shares under the Rights Issue of Shares with Warrants to CCS Capital.

The Chan Family with equity interests of 11.90% in our Company, has also provided written unconditional and irrevocable undertaking that they will renounce their entire entitlement of 17,846,310 Rights Shares under the Rights Issue of Shares with Warrants to CCS Capital.

The details of the shareholders of SSSB as at the LPD are as follows:

	Direct		Indirect	
Name	No. of ordinary shares in SSSB	%	No. of ordinary shares in SSSB	%
Chan Choo Sing	34,401	34.40	8,800[(1)]	8.80
Chan Chow Tek	24.401	24.40	-	-
Dato' Chan Chor Ngiak	18,400	18.40	-	-
Chan Chor Ang	14,000	14.00	-	-
Chan Wee Kiang	8,800	8.80	-	-

Note:

(1) Deemed interested by virtue of his son, Chan Wee Kiang's shareholdings in SSSB pursuant to Section 8(4) of the Act.

The details of the shareholders of CCS Capital as at the LPD are as follows:

	Direct		Indirect	
Name	**No. of ordinary shares in CCS Capital**	**%**	**No. of ordinary shares in CCS Capital**	**%**
Chan Choo Sing	40	40.00	60[(1)]	60.00
Tan Kwee Kee	30	30.00	70[(1)]	70.00
Chan Wee Kiang	20	20.00	-	-
Chan Wee Boon	10	10.00	-	-

Note:

(1) Deemed interested by virtue of his/her spouse and his/her sons' shareholdings in CCS Capital pursuant to Section 8(4) of the Aet.

Chan Choo Sing (being a member of the Chan Family) is also the major shareholder and director for both CCS Capital and SSSB.

In view of the above, CCS Capital's aggregate entitlement to the Rights Shares under the Rights Issue of Shares with Warrants will be 77,846,505 Rights Shares.

To meet the Minimum Subscription Level, our Company has obtained written unconditional and irrevocable undertaking from CCS Capital that it will subscribe for a minimum of 42,346,310 Rights Shares (with gross proceeds of approximately RM8.47 million based on the issue price of RM0.20 per Rights Share).

The details of the Undertaking are as follows:

	No. of Rights Shares to be subscribed pursuant to the Undertaking			
	To be renounced by Chan Family	**To be renounced by SSSB**	**Total**	**%[(1)]**
CCS Capital	17,846,310	24,500,000[(2)]	42,346,310	100.00

Notes:

(1) Pereentages are calculated based on 42,346,310 Rights Shares pursuant to the Minimum Scenario.

(2) Out of the total 60,000,195 Rights Shares to be renounced by SSSB, only 24,500,000 Rights Shares entitlement shall be subscribed by CCS Capital under the Minimum Scenario in order to ensure that our Company will comply with the public spread requirement in aecordance with Paragraph 8.02(1) of the Listing Requirements, wherein a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders ("**Public Spread Requirement**"), upon completion of the Rights Issue of Shares with Warrants.

For avoidance of doubt, CCS Capital may additionally subscribe for its full entitlement to the Rights Shares (i.e., including the remaining 35,500,195 Rights Shares entitlement to be renounced by SSSB), subject always to our Company being in compliance with the Public Spread Requirement upon completion of the Rights Issue of Shares with Warrants.

In view of the Undertaking and that the Rights Issue of Shares with Warrants will be implemented based on the Minimum Subscription Level, no underwriting arrangement will be made for the Rights Shares under the Rights Issue of Shares with Warrants.

The Undertaking Shareholder has confirmed that it has sufficient financial resources to fulfil the Undertaking. Kenanga IB has verified that the Undertaking Shareholder has sufficient financial resources to fulfil its commitment pursuant to the Undertaking.

As at the LPD, CCS Capital does not hold any PCCS Shares.

In view of the Undertaking, upon completion of the Rights Issue of Shares with Warrants, the shareholding of CCS Capital in our Company will increase from nil to 37.06% and 41.37% based on the enlarged issued share capital under the Maximum Scenario and Minimum Scenario respectively. Pursuant to the Rules, CCS Capital and its PACs would be obliged to extend a mandatory take-over offer for all the remaining PCCS Shares not already owned by CCS Capital and its PACs in accordance with Section 218(2) of the CMSA and Paragraph 4.01(a) of the Rules.

In relation to the above, CCS Capital and its PACs obtained the approval from the SC, vide its letter dated 25 October 2017, for the Exemption.

Subsequent thereto, in view of the shareholdings of CCS Capital in our Company will be between 33% to 50%, a further increase by more than 2% in any 6 months period will result in CCS Capital and its PACs to be obliged to undertake a mandatory take-over offer for all the remaining PCCS Shares not already owned by CCS Capital and its PACs pursuant to Paragraph 4.01(b) of the Rules. CCS Capital does not intend to trigger such obligation and has given its confirmation to observe and comply at all times with the provisions of the Rules.

2.5 Details of other corporate exercises

As at the LPD, save for the Rights Issue of Shares with Warrants, there is no outstanding corporate proposal which has been announced but pending completion.

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3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisionally allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 18 December 2017**.

3.4 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renouneees/transferees

If you wish to accept your entitlement to the provisional Rights Shares with Warrants, the acceptance of and payment for the provisional Rights Shares with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renouncees who wish to accept the provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at http://www.bursamalaysia.com and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to our Entitled Shareholders also applies to renouncees who wish to accept the provisional Rights Shares with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** at the following address:

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel no : 03-2084 9000
Fax no : 03-2094 9940 / 2095 0292

so as to arrive **not later than 5.00 p.m. on 18 December 2017**, being the last time and date for acceptance and payment.

Only 1 RSF can only be used for acceptance of provisional Rights Shares with Warrants standing to the credit of 1 CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. The Warrants will be issued in the proportion of 3 Warrants for every 5 Rights Shares successfully subscribed for. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. However, you and/or your renouncees (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises 100 Rights Shares and 100 Warrants, respectively. Fractions of a Rights Share and/or Warrant, if any, arising from the Rights Issue of Shares with Warrants will be disregarded and shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 18 December 2017**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 3.7 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "PCCS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedure for part acceptance by Entitled Shareholders and renouncees/transferees

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this AP.

The portion of the provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants.

3.6 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to one or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.4 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

3.7 Procedure for application of excess Rights Shares with Warrants

You and/or your renouncees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 18 December 2017**, being the last time and date for acceptance and payment.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.4 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "PCCS EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by our Entitled Shareholders and/or their renouncee(s) with our Entitled Shareholders and/or their renouncee(s), if any (excluding CCS Capital and its PACs) shall be given first priority and shall first be allocated with all the excess Rights Shares applied for, if any. Upon the completion of the allocation of such excess Rights Shares to our Entitled Shareholders and/or their renouncee(s), if any (excluding CCS Capital and its PACs), and if there is any remaining Rights Shares which are not subscribed for, CCS Capital and its PACs can apply and be allocated with the remaining number of undersubscribed Rights Shares.

However, in the event of an over-subscription pursuant to the Rights Issue of Shares with Warrants (i.e. the number of Rights Shares and excess Rights Shares, if any, applied for (excluding any excess Rights Shares applied for by CCS Capital and its PACs, if any) is more than the maximum of 150,030,005 Rights Shares available for application), our Board will allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) firstly, to minimise the incidence of odd lots,

(ii) secondly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, based on their respective shareholdings in our Company as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis and in board lots, to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application; and

(iv) lastly, on a pro-rata basis and in board lots, to the transferee(s) and/or renouncee(s) who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application.

In the event of any excess Rights Shares with Warrants after the steps (i) to (iv) above are completed, the process in steps (ii) to (iv) above will be repeated to allocate such balance until all excess Rights Shares with Warrants are allotted.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in (i) to (iv) above is achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

3.8 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renouncee's/transferee's acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renouncees/transferees (if applicable), by ordinary post within 8 Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within 15 Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants cannot be withdrawn subsequently.

3.9 Form of issuance

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of the Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.8 of this AP.

Any person who has purchased the provisional Rights Shares with Warrants or to whom provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for exeess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.7 of this AP.

3.10 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants.

Our Company will not make or be bound to make any enquiry as to whether you have an address or address for service in Malaysia other than as stated in our Record of Depositors on the Entitlement Date or who have provided the Share Registrar with an address in Malaysia for the despatch of this AP together with the accompanying documents as at 5.00 p.m. on 30 November 2017 and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue of Shares with Warrants and the acceptance by our Entitled Shareholders thereof would not be in breach of the laws of any jurisdiction. We will further assume that our Entitled Shareholders have accepted the Rights Shares with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

Foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants only to the extent that it would be lawful to do so.

Kenanga IB, our Company and our Directors, officers and our other professional advisers would not, in connection with the Rights Issue of Shares with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. Kenanga IB, our Company and our Directors, officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company, Kenanga IB and our other professional advisers in respect of their rights and entitlements under the Rights Issue of Shares with Warrants. Such foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Shares with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) Kenanga IB, our Company and our Directors, officers and other professional advisers that:

(i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees/transferees (if applicable) is or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants;

(iii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have address for service of process in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(vi) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants. However, any information relevant to an investment shall be contained in this AP; and

(vii) the foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renouncees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

After considering the various fund-raising methods available to our Company, our Board is of the opinion that the Rights Issue of Shares with Warrants is currently an appropriate option as:

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

(ii) new PCCS Shares can be issued without our existing shareholders' equity interests being diluted (except for SSSB which will renounce its entire entitlement of up to 60,000,195 Rights Shares under the Rights Issue of Shares with Warrants to CCS Capital), assuming that all our Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently. The Undertaking would allow the Undertaking Shareholder to extend their support for the Rights Issue of Shares with Warrants and facilitate our Group's fund-raising initiative;

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

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

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

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5. USE OF PROCEEDS

At the issue price of RM0.20 per Rights Share, the gross proceeds from the issuance of Rights Shares are intended to be utilised in the following manner:

	Note	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected time frame for use of proceeds (from the date of listing of the Rights Shares)
Expansion of labelling business	(i)	3,500	7,100	Within 12 months
Working capital	(ii)	4,019	21,956	Within 12 months
Estimated expenses in relation to the Corporate Exercises	(iii)	950	950	Upon completion of the Corporate Exercises
Total estimated proceeds		**8,469**	**30,006**	

Notes:

(i) Our Board intends to expand our Group's labelling business, as part of our Group's efforts to improve its profitability by utilising up to RM7.10 million to increase its output capacity through the purchase of new machineries, details of which are as follows:

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Digital press machine	3,000	3,000
Flexographic printing machine	-	2,000
Rotoflex and Advanced Vision Technology ("**AVT**") machines	-	1,000
Logistics and installation	500	1,100
Total	**3,500**	**7,100**

The functions and features of the new machineries are as follows:

Digital press machine	-	Label printing machine using digital images
Flexographic printing machine	-	Label printing machine using printing plates
Rotoflex and AVT machines	-	Fully automated digital inspection machines which are capable of being integrated with our Group's printing machines

The new machineries will be housed in our Group's existing production facility in Batu Pahat, Johor and are expected to be purchased within 6 months from the date of listing of the Rights Shares. The proceeds earmarked for the expansion of our Group's labelling business is expected to be utilised progressively over a period of 12 months as the new machineries are expected to be installed and fully commissioned by the 4th quarter of 2018 (assuming the Corporate Exercise will be completed by 1st quarter of 2018) after considering the expected time required for shipping of the new machineries from Europe as well as the installation and commissioning process.

Under the Minimum Scenario, the purchase of one digital press machine is expected to increase the production capacity of our Group's labelling business by approximately 150,000 metres per month from existing production capacity of approximately 4,000,000 metres per month. Our Group's existing production facility (which comprise 2 digital press machines, 2 flexographic printing machines and 10 letter press machines) have been operating at an average utilisation rate of approximately 80% for the past 6 months up to the LPD.

Our Group's existing 2 digital press machines have been operating at an utilisation rate of approximately 80% for the past 6 months up to the LPD. The addition of the digital press machine to our Group's production line is primarily to enable our Group to undertake more orders from our customers for printing of labels with lower volume and/or multiple variations in label design as the digital press machine uses digital images and does not require printing plates to be created thus reducing the set up time and cost required for label printings with shorter production runs as compared to its existing flexographic printing machines.

In addition, the new digital press machine uses powder toner instead of inkjet (which is used by our Group's existing 2 digital press machines) for printing of labels which has higher production speed and lower costs (as inkjets generally cost more than powder toners) thus allowing our Group to undertake job orders of smaller scale more competitively.

Under the Maximum Scenario, in addition to the digital press machine as detailed above, our Group also intends to purchase one additional flexographic printing machine to increase our Group's production capacity by additional of approximately 300,000 metres per month alongside with Rotoflex and AVT machines which allow our Group's inspection process to be fully automated and integrated with its printing machines whereby defects throughout our Group's production process are automatically and immediately detected thus reducing wastes associated with over-printing and/or re-printing of defective labels. Currently, our Group's inspection process is carried out manually which is labour intensive as our Group's existing production facility does not have Rotoflex and/or AVT machines.

Notwithstanding the purchase of the new machineries, our Group's existing flexographic printing machines and letter press machines will continue to be utilised to meet our Group's existing and/or new orders for large volume label printings which require continuous production runs.

Any surplus or shortfall in the amount allocated for our Group's expansion of labelling business will be adjusted against the amount allocated for the working capital of our Group.

(ii) Our Group intends to utilise up to approximately RM21.96 million to support our Group's working capital for its existing day-to-day business operations.

The breakdown of the proceeds to be utilised for our Group's working capital are as follows:

Description	Minimum Scenario (RM'000)	Expected timeframe for use*	Maximum Scenario (RM'000)	Expected timeframe for use*
(a) Purchase of raw materials and consumables	2,010	3 months	10,978	12 months
(b) Maintenance and improvement of plant and equipment	1,206	6 months	6,587	12 months
(c) Other administration and operating expenses	803	3 months	4,391	12 months
Total	**4,019**		**21,956**	

* From the date of listing of the Rights Shares.

(a) Comprising payment for, amongst others, the raw materials such as fabrics, accessories and replacement parts as well as consumables for our Group's production lines.

(b) Comprising payment for our Group's periodical maintenance and upgrading works for its machineries and systems.

(c) Comprising payment for general and other operating expenses for our Group's operations such as distribution expenses, rental, electricity, telephone, internet and other sundry expenses.

The breakdown of the actual proceeds to be utilised for each component of working capital above could not be determined at this juncture as the actual use of the proceeds are subject to the operating requirements at the time of use. For information purpose, the details of actual expenses incurred for each component of working capital above for the past 3 FYEs 31 March 2015 to 2017 are as follows:-

	FYE 31 March 2015 (RM'000)	FYE 31 March 2016 (RM'000)	FYE 31 March 2017 (RM'000)
Purchase of raw materials and consumables	165,822	261,972	246,008
Maintenance and improvement of plant and equipment	2,999	3,506	7,101
Other administration and operating expenses	57,713	72,754	76,519

(iii) The breakdown of the estimated expenses in relation to the Corporate Exercises are as follows:

Description	RM'000
Professional fees (i.e., Adviser, independent adviser, reporting accountants and solicitors)	730
Fees payable to the relevant authorities (i.e., processing and listing fees payable to Bursa Securities as well as registration and lodgement fees payable to the SC and Companies Commission of Malaysia)	140
Printing and EGM related expenses	64
Miscellaneous	16
Total	**950**

Any surplus or shortfall for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly against the allocation for the working capital of our Group.

The actual proceeds to be raised will depend on the number of Rights Shares to be issued. Any variation between the expected and actual proceeds raised will be adjusted against the proceeds allocated for working capital of our Group.

Prior to being utilised, the proceeds will be placed as deposits with financial institutions or as short-term money market instruments, to be decided by our Board. The interest income arising therefrom will be used for our Group's working capital.

The amount of proceeds that may be raised by our Company from the exercise of the Warrants will depend on the number of Warrants exercised during the tenure of the Warrants. Such proceeds, if any, will be utilised for the working capital of our Group, the timeframe and the breakdown for the use of such proceeds cannot be determined at this juncture.

6. RISK FACTORS

You and/or your renouncees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

6.1 Risks relating to our business and industry

(i) Operational/business risks

Presently, our Company is principally involved in investment holding and provision of management services whilst its subsidiaries are engaged in the business of manufacturing and sale of apparels, printing and sale of labels and stickers, embroidering of logos, emblems and printing of silk screen products, fabric-knitting, manufacturing of elastic bands and related products, trading of apparels and accessories as well as manufacturing of seamless bonding. Therefore, our Group is subject to risks inherent to the textiles industries in which we operate.

These may include constraints in labour supply, increases in raw material costs, changes in economic and business conditions, availability of textile materials and labour, changes in the demand and supply of our products and changes in the regulatory framework industry governing the manufacturing and textile sector.

There is no assurance that these risks, if they materialise, will not affect the performance of our Group.

(ii) Competition

Our Group faces competition in both the local and global markets as well as from existing players and/ or potential new entrants into the textiles industry. Our success is dependent upon, among others our continuing efforts to improve our manufacturing processes and manufacturing efficiency, standards and quality of our products.

Our Group also faces direct competition within the textiles industry. With new entrants coming into the industry, there is no assurance that any changes to the competitive environment will not have a material and adverse effect on our Group's future business and financial performance.

(iii) Supply of raw materials and products

A continuous supply of raw materials and products is essential to ensure the smooth running of our manufacturing process and business of our Group. Our Group sources its raw materials and products such as fabrics, ink and accessories from local and overseas suppliers and any shortages of raw materials and products may adversely affect our Group's production. There were no shortages of raw materials and products for our manufacturing process and business of our Group in the past. However, there can be no assurance that there will be no shortages of raw materials and products in the future and that it will not materially affect the performance of our Group.

(iv) Dependence on labour

The production of textile and apparel products depends heavily on labour especially sewing related activities and as such, inadequate supply of skilled labour may disrupt the production processes and increase the overall costs of production as greater amount of time and expense will be required for training of workers to undertake the sewing related activities. Our Group relies on foreign workers for our production processes in Malaysia which is subject to compliance with the policies imposed by our government with regards to the employment of foreign workers. Save for the Minimum Wage Order 2016 which increases the minimum wages to RM1,000 per month effective from 1 July 2016 and the imposition of foreign workers' levy payment on employers (the effective date of which has been deferred to 2018) which have affected and/or will affect our Group's ability to employ foreign workers and an overall impact to our operations, there has not been any other change to such policies imposed by our government for the past 3 years up to the LPD. However, there is no assurance that any future changes to such policies may not have adverse effect on our ability to employ foreign workers and impact on our operations and financial performance.

The breakdown of the workforce in our manufacturing plants in Malaysia for the past 3 years is as follows:

	As at FYE 31 March 2015		**As at FYE 31 March 2016**		**As at FYE 31 March 2017**	
	Number	**%**	**Number**	**%**	**Number**	**%**
Local workers	310	34	289	38	290	37
Foreign workers	608	66	476	62	489	63
Total	**918**	**100**	**765**	**100**	**779**	**100**

In order to mitigate this risk, our Group has ventured into other countries such as Cambodia and China with better access to labour. In addition, our Group has been continuously recruiting new local employees in those countries as well as foreign workers from different countries to reduce our dependency on labour from any particular country. In the event our Group is unable to reduce our dependency on labour, any increase in the costs of production due to increase in labour cost would inevitably affect our Group's profit margin, which in turn affects our Group's financial performance.

(v) Failure to meet customers' demand

Our Group's existing production has been operating at an average utilisation rate of approximately 72%, 85%, 85% and 80% for the FYEs 31 December 2015, 2016, 2017 and the past 6 months, respectively. Hence, in the event the market demand for our products were to expand unexpectedly, our Group would require significant increases in production capacity, including labour as well as supplies and raw materials, in order to fully capitalise on such expansions in demand.

If our Group is unable to adjust promptly to such unanticipated increase in demand for our products, our Group may lose the business orders or the opportunity to establish business relationships with potential new customers which may adversely affect our Group's future business and financial results.

(vi) Financing cost

We finance our operations through internally generated funds and bank borrowings. All our bank borrowings are interest bearing and as such, any increase in the interest rates will increase our finance costs with regards to the interest payments on the bank borrowings. Therefore, there can be no assurance that our performance will not be affected in the event of a significant increase in interest rates.

In addition, as part of our Group's borrowings are denominated in foreign currency such as USD and RMB, our Group are also exposed to risks associated with foreign exchange as detailed in Section 6.1(viii) below,

Furthermore, pursuant to facilities/loan agreements entered into with financial institutions, we are bound by certain covenants which may limit our operating and financial flexibilities. Any act or omission by us that breaches such covenants may give the rights to the bank/financier to terminate the relevant facilities/loans and/or enforce any security granted in relation to those facilities/loans. Nonetheless, we will endeavour to monitor our compliance with all such covenants. Our Group has not been in any breach of such covenants associated with our Group's facilities/loan agreements for the past 3 years up to the LPD. However, there can be no assurance that our future financial performance will not be adversely affected should we breach such covenants of any of our facilities/loan agreements.

Our Group actively reviews our debt portfolio taking into account the level and nature of borrowings and continuously seek measures to reduce our gearing position and the risk of financing cost to our business.

(vii) Dependence on key personnel

Our Group's sustainability in our businesses (i.e., textile and apparel industry) depends largely on the abilities, skills, experience and competency of our existing Directors and our key management personnel led by Chan Choo Sing, our Group Managing Director, and Chan Chow Tek, our Executive Director, whom have been with our Group since our Company's incorporation in 1995. There are no management agreements entered into between the key management personnel and our Group. The loss of our Directors and/or any of the relevant key management personnel without suitable and timely replacements, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's business operations and consequently, its revenue and profitability.

(viii) Foreign exchange risk

Our Group is exposed to foreign exchange risk as some of our subsidiaries' operations are based in Cambodia, China and Hong Kong including manufacturing and trading activities, whereby transactions are transacted in foreign currency such as USD and RMB. Our Group's exposure to foreign exchange risk also relates to foreign currency borrowings denominated in USD and RMB. However, as our Group derives revenue in foreign currency through the said operations abroad and uses those receipts for the repayment of foreign currency bank borrowings, purchases and/or operations, this provide a natural hedge against fluctuations in foreign exchange rate.

Nevertheless, our Group will be exposed to foreign exchange risk should our Group provide additional capital or funding to our foreign subsidiaries in Cambodia, China or Hong Kong and/or repatriate the profits from our foreign subsidiaries.

In addition, the presentation currency for our Group's consolidated financial statements is in RM. As such, any fluctuation in foreign exchange rate may have an adverse impact on our Group's results of operations and financial position, including the effect of translation when converting foreign currency amounts to RM for preparation of our Group's consolidated financial statements.

(ix) Political, economic and environmental considerations

Adverse changes in the political, economic and regulatory conditions in Malaysia, Cambodia, China and Hong Kong could materially affect the financial position of our Group. Amongst the political, economic and regulatory uncertainties are the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules or regulation, changes in interest rates, inflation, taxation and political situation.

Much of the above risks are beyond our Group's control. There can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

6.2 Risks relating to the Rights Issue of Shares with Warrants

(i) Investment and capital market risk

The market price of the PCCS Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of PCCS Shares, the prospect for the manufacturing and apparels industry, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In addition, the performance of the local stock market (where our Shares are listed) is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. In view of this, there can be no assurance that the Rights Shares will trade above the issue price for the Rights Shares or TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of PCCS Shares, and the remaining exercise period of the Warrants and the volatility of PCCS Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(ii) Delay in or abortion of the Rights Issue of Shares with Warrants

The Rights Issue of Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants. Such events or circumstances include, *inter alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

In the event of failure in the completion of the Rights Issue of Shares with Warrants, all application monies received will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) who have subscribed for the Rights Shares with Warrants without interest within 14 days in accordance with Section 243(2) of the CMSA. In addition, monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other as may be prescribed by the SC.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renouncees/transferees (if applicable) and the Rights Issue of Shares with Warrants is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(iii) No prior market for the Rights Shares with Warrants

Prior the Rights Issue of Shares with Warrants, there was no established trading market for the Warrants. The market price of the Warrants on Bursa Securities will depend on, amongst others, the prevailing stock market sentiments, the volatility of the stock market, interest rate movements, future profitability of our Group, as well as the future prospects of the industry in which our Group operates.

No assurance can be given that an active market will develop upon the listing of the Warrants on Bursa Securities, or if developed, that such market will sustain. There can also be no assurance that the market price of the Warrants will be maintained at any particular level subsequent to their issue.

(iv) Potential dilution

Entitled Shareholders who do not or are not able to accept their entitlement in respect of the Rights Issue of Shares with Warrants will have their proportion ownership and voting interest in our Company further reduced, and the percentage of the issued share capital of PCCS represented by their shareholdings in our Company will also be reduced accordingly.

Pursuant thereto, their proportion entitlement to any dividend, rights, allotment, and/or other distribution that we may declare, make or pay will correspondingly be diluted.

(v) Forward-looking statements and other information

Certain statements in this AP are based on historical data, which may not be reflective of future results and others that are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on assumptions made by our Group, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include the aforementioned risk factors.

In view of this and other uncertainties, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Group, the Adviser or other professional advisers that the plans and objectives of our Group will be achieved.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the global economy

The global economy is expected to expand 3.6% in 2017 (2016: 3.2%). The expansion is attributed to the improved growth of 2.2% (2016: 1.7%) in advanced economies and 4.6% (2016: 4.3%) in the emerging market and developing economies. Among the advanced countries, the United States of America ("**US**") and the Euro area are projected to record higher growth driven by the steady expansion in investment and consumption activities. Japan is anticipated to record a stronger-than-expected growth contributed by higher investment and robust exports. Meanwhile, the United Kingdom's ("**UK**") economy is forecast to sustain growth amid slower consumer spending following post-Brexit uncertainties.

Growth in the emerging market and developing economies is expected to expand supported by high global demand and investment. China is projected to record a stable growth, supported by effective macro-policy mix, strengthening external demand and progress in domestic reforms. In addition, India's growth is expected to remain robust driven by strong private consumption and services sector.

Likewise, most major Association of Southeast Asian Nations ("**ASEAN**") economies, namely Indonesia, Malaysia, the Philippines, Thailand and Vietnam, are expected to register steady growth contributed by strong domestic and external demand.

The global economy is expected to expand 3.7% in 2018 (2017: 3.6%). The advanced economies are projected to register growth of 2% (2017: 2.2%), supported by strong domestic and external demand. In the emerging market and developing economies, gross domestic product ("**GDP**") is expected to improve 4.9% (2017: 4.6%), mainly supported by higher global demand and rising market confidence, particularly in China, India and ASEAN. However, the global economy will still face some downside risks due to policy uncertainties in the major economies, rising protectionism, geopolitical tensions, the effects of climate change, and volatility in the financial markets.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

7.2 Overview and outlook of Malaysian economy

The Malaysian economy recorded a sterling growth of 5.7% during the first 6 months of 2017 underpinned by strong domestic demand and reinforced by improved external sector. Given the robust economic growth during the first half, real GDP for the year is expected to strengthen further between 5.2% and 5.7% (2016: 4.2%), surpassing the earlier estimates. Accordingly, gross national income ("**GNI**") at current prices is estimated to expand 9.1% to RM1.3 trillion (2016: 6.2%; RM1.2 trillion), with income per capita increasing 7.7% to RM40,713 (2016: 4.7%; RM37,791).

Aggregate domestic demand is expected to remain resilient, primarily driven by private sector expenditure, while the public sector gradually consolidates. Of significance, private consumption will continue to support economic growth. The propensity to consume will be enhanced by stable labour market, higher export earnings and manageable inflation amid low interest rate environment. Meanwhile, private investment is projected to expand at a stronger pace supported by higher capital outlays, particularly in the services and manufacturing sectors. Investments will also be supported by steady inflows of foreign direct investment.

On the supply side, growth will be supported by stronger performance across all sectors with services and manufacturing remaining as the main drivers of growth. The services sector is projected to expand at a faster rate, reflecting stronger expansion across most subsectors, particularly wholesale and retail trade, information and communication, as well as food and beverages and accommodation. Within the manufacturing sector, the export-oriented industries are projected to expand significantly following higher global demand for semiconductors. Similarly, growth in the domestic-oriented industries will strengthen following improved demand for consumer products and construction-related materials. In the agriculture sector, growth is expected to be supported by the recovery in output of crude palm oil and rubber. The construction sector will be led by higher civil engineering activities while the mining sector continues to expand, though at a slower pace supported by higher production of natural gas.

The Malaysian economy is projected to continue its strong growth momentum with real GDP expanding between 5% and 5.5% in 2018 (2017: 5.2% and 5.7%). Growth will be mainly driven by resilient domestic demand amid favourable external sector. Given the robust economic development, GNI per capita is estimated to increase 5.1% to RM42,777 (2017: 7.7%; RM40.713). Despite the strong growth momentum, Malaysia as an open economy is not immune to external headwinds. These include rising protectionism, policy uncertainties in the advanced countries, and volatility in the financial markets. Nevertheless, structural reforms undertaken over the years to diversify the economy and strengthen the financial system have provided sufficient buffer to weather these external challenges.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

7.3 Overview and outlook of the manufacturing sector in Malaysia

Value added of the manufacturing sector expanded further by 5.8% during the first half of 2017 (January – June 2016: 4.4%) with expansion across a wide range of outputs in both the export and domestic-oriented industries. During the first 8 months, production increased 6.4%, while sales rebounded significantly by 15.6% to RM500.2 billion (January – August 2016: 4%; -0.7%; RM432.8 billion). Output of export-oriented industries rose 6.5% (January – August 2016: 4.3%) led by an upturn in global electronics cycle and further enhanced by strong demand for resource-based products. Meanwhile, domestic-oriented industries expanded 6.2% (January – August 2016: 3.4%) benefiting from vibrant consumption and construction activities.

Against this backdrop, the capacity utilisation rate remained stable at 86.6% and 82.8% during the first and second quarter of 2017 (Q1 2016: 76.7%; Q2 2016: 77.5%) amid continuous expansion of the manufacturing sector. Likewise, Purchasing Managers' Index improved to 49.9 points in September 2017 (September 2016: 48.6 points) reflecting a more optimistic outlook. In consonant with higher production during the first 8 months, number of employees turned around 2.3% with average wage per worker increasing 5.5% to RM3,252 (January – August 2016: -0.3%; 6.4%; RM3,082). For the year, the manufacturing sector is projected to expand further by 5.5% (2016: 4.4%) mainly attributed to an upturn in global semiconductor sales as well as higher demand for consumer products and construction materials.

The manufacturing sector is forecast to increase 5.3% (2017: 5.5%). Output of export-oriented industries is projected to expand on account of sustained demand for electronic and electrical, refined petroleum and woods products. Likewise, growth in the domestic-oriented industries is anticipated to remain resilient supported by ongoing construction of infrastructure projects as well as strong demand for consumer products, especially food and transport equipment.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

7.4 Overview and outlook of the textiles industry in Malaysia

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

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

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

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

In 2016, the textiles and textile products industry was the tenth largest export earner with RM13.9 billion, contributing approximately 1.8 per cent to Malaysia's total exports of manufactured goods. The USA, Japan, and Turkey were Malaysia's top three export destinations. The USA remained as the leading export market for Malaysian textiles products, with 16 per cent of the industry's total exports.

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

Moving forward, textiles industry will continue to be relevant in future years as more emphasis is now given to serve the needs of niche market and upstream activities. To accelerate the shift of manufacturing and services sectors, from labour-intensive into high value added, knowledge-intensive and innovation-based industries, the Government has introduced a new tax incentive i.e. Automation Capital Allowance under the Malaysian 2015 Budget.

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

7.5 Overview and outlook of the private consumption in Malaysia

Our Group manufactures stickers and labels for the labelling of its customers' products mainly electronic labels, fast moving consumer goods, pharmaceutical and healthcare as well as textile products. In this regard, the demand for the stickers and labels manufactured by our Group would largely be dependent on households' private consumption or consumer spending power in Malaysia.

Accounting for 53.9% of GDP, private consumption is projected to expand 6.9% in 2017 (2016: 53.2%; 6%). Household consumption will be supported by improvement in wages amid continued stable employment conditions, higher export earnings and low interest rate environment. Furthermore, 1Malaysia People's Aid, cash assistance to civil servants, higher dividend paid out by major unit trusts, reduction in Employees Provident Fund contribution, and hosting of major sport events are expected to provide further impetus to household spending. In addition, firmer primary commodity prices will support incomes of rubber and oil palm smallholders, which are expected to increase 37.8% and 2.9%, respectively. In line with the robust private consumption activities, the Consumer Sentiment Index by Malaysian Institute of Economic Research (MIER) improved to 80.7 points during the second quarter of 2017 (Q2 2016: 78.5 points).

The positive outlook for 2018 is premised on resilient domestic demand, which is forecast to expand 5.5% (2017: 6.4%). Growth will be driven, particularly by private sector spending, contributing 72.9% to GDP (2017: 71.4%). The strong performance of private sector amid favourable external environment will enable public sector to progressively consolidate its financial position.

Private sector expenditure is projected to remain vibrant, expanding by 7.3% (2017: 7.4%). This is in line with the anticipation of sustained spending in private consumption and investment activities. Private consumption is expected to grow 6.8% (2017: 6.9%) supported by higher income with stable labour market conditions, higher exports earnings and firmer commodity prices. In addition, various measures by the government such as the continuation of cash transfers, and implementation of eUsahawan and eRezeki programmes are expected to increase household disposal income, thus providing additional impetus to consumer spending.

(Source: Economic Report 2017/2018, Ministry of Financc Malaysia)

7.6 Prospects of our Group

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

Apparel division

Our Group's revenue increased by 10.63% to RM418.03 million in the FYE 31 March 2017 as compared to RM377.86 million achieved in the FYE 31 March 2016 mainly due to the increase in the apparel orders received by manufacturing plants in China as evident in the increased revenue from our Group's operations in China from RM184.14 million in the FYE 31 March 2016 to RM240.87 million in the FYE 31 March 2017.

Notwithstanding our Group's effort to expand our labelling business as detailed below, our Group's apparel business is expected to remain as the largest contributor to our Group's revenue. Hence, it is imperative to improve the profitability of our Group's apparel business in order to boost our Group's overall earnings.

Since the end of FYE 31 March 2016, our Group has been consolidating its apparel business' operations in terms of our Group's resources in Cambodia through JIT Textiles Limited and JIT Embroidery Limited since the disposals of SYG and GAL which were also based in Cambodia. This was to improve our Group's operational and cost efficiencies in Cambodia and focus on expanding the apparel division in China by increasing its production capacity via setting up of new production facility in Suzhou, China as well as identifying potential strategic partners for our procurement of raw materials and to tap into a broader apparel market in China to achieve economies of scale which in turn will improve our Group's profitability.

Our Group expects the increase in costs of direct labour in Cambodia and China as a result of wage inflation and pressures for increase in minimum wages in these countries to have an impact on the production cost of our Group's apparel division. Our Group plans to manage this risk through cost control by identifying and reducing other operating expenses which are non-productive to boost profitability. Our Group will also strive to achieve continuous improvement in production efficiencies by improving the equipment efficiency and process control to achieve higher production level.

Moving forward, our Group will continue to consolidate our operations in the apparel division in Cambodia to improve our operational and cost efficiencies. The consolidation of our apparel division in Cambodia may affect the productivity of the apparels in the short run, however it would enable our Group to focus on expanding our apparel division in China which is expected to have better growth prospect.

Labelling division

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

	Apparel		**Labelling**	
	(RM'000)	**%**	**(RM'000)**	**%**
Revenue	418,029	86.31(i)	48,688	10.05(i)
Operating profit	4,966	-(ii)	3,687	-(ii)
Operating profit margin (%)	1.19		7.57	

Notes:

(i) Percentage is calculated based on the total revenue of our Group of RM484.35 for the FYE 31 March 2017.

(ii) Not applicable due to consolidation adjustment.

In view of the above, our Group plans to expand its labelling business as part of our Group's efforts to improve its profitability. As set out in Section 5 of this AP, the funds raised from the Rights Issue of Shares with Warrants are intended to be utilised, amongst others, to increase our Group's output capacity and improve quality inspection processes to reduce wastes from defective products through the purchases of new machineries for its labelling business.

As the projected increase in private consumption is expected to boost up the sales in labelling and stickers, our Group is of the view that the acquisition of new machineries will boost up our Group's productivity and subsequently profitability.

Expansion of our Group's labelling business with the purchase of the new machineries will provide higher operating profit margin because of its lower production costs as well as faster production cycle as compared to the existing machineries used for our Group's labelling business.

Other division

Our Group's other division comprises all the other business activities carried out by our Group not under our Group's apparel and labelling divisions which include investment holding and provision of management services, manufacturing of seamless bonding, embroidering of logos and emblems, printing and marketing of silk screen printing products.

As our Group's embroidering and printing activities are relying on the orders from our apparel division, it will face cascading effects from any reduced orders received by our Group's apparel division. Moving forward, our Group may explore opportunities to secure more or new customers for its products from the other division to reduce the dependency of the other division on our Group's apparel division.

Barring any unforeseen circumstances, our Board, after having considered all the relevant aspects, including the abovementioned plans as well as the industry's outlook and prospects, is of the opinion that the Rights Issue of Shares with Warrants is expected to contribute positively to the future earnings of our Group and enhance shareholders' value in the medium to long term upon use of the proceeds raised as detailed in Section 5 of this AP.

8. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

8.1 Issued share capital

The pro forma effects of the Rights Issue of Shares with Warrants on the issued share capital of our Company are as follows:

	Minimum Scenario		**Maximum Scenario**	
	No. of PCCS Shares	**RM**	**No. of PCCS Shares**	**RM**
Issued share capital as at the LPD	60,012,002	60,012,002	60,012,002	60,012,002
To be issued pursuant to the Rights Issue of Shares with Warrants	42,346,310	6,311,360[(1)]	150,030,005	22,403,856[(1)]
	102,358,312	66,323,362	210,042,007	82,415,858
To be issued pursuant to the full exercise of the Warrants	25,407,786	17,402,574[(2)]	90,018,003	61,612,947[(2)]
Enlarged issued share capital	**127,766,098**	**83,725,936**	**300,060,010**	**144,028,805**

Notes:

(1) Based on the issue price of RM0.20 per Rights Share and the assumed fair values of the Warrants of RM0.1852 and RM0.1838 each, based on the Black-Scholes options pricing model as extracted from Bloomberg, for the Minimum Scenario and Maximum Scenario respectively.

(2) Based on the exercise price of RM0.60 per Warrant and the recognition of the fair value of the Warrants upon the exercise of the Warrants.

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8.2 NA, NTA and gearing

The pro forma effects of the Rights Issue of Shares with Warrants on the NA, NTA and gearing of the PCCS Group based on the audited consolidated financial statements of PCCS as at 31 March 2017 are as follows:

Minimum Scenario

	(Audited) **As at 31 March 2017 (RM'000)**	**(I)** **After the Rights Issue of Shares with Warrants (RM'000)**	**(II)** **After (I) and assuming full exereise of the Warrants (RM'000)**
Share capital	60,012	66,323$^{(1)}$	83,726$^{(4)}$
Share premium	4	4	4
Foreign exchange reserve	6,430	6,430	6,430
Legal reserve fund	326	326	326
Warrants reserve	-	2,158$^{(2)}$	-
Retained earnings	19,741	18,791$^{(3)}$	18,791
Shareholders' funds / NA	**86,513**	**94,032**	**109,277**
No. of PCCS Shares in issue ('000)	60,012	102,358	127,766
NA per PCCS Share (RM)	1.44	0.92	0.86
NTA per PCCS Share (RM)	1.44	0.92	0.86
Total borrowings (RM'000)	100,417	100,417	100,417
Gearing (times)	1.16	1.07	0.92

Notes:

(1) Based on the issue price of RM0.20 per Rights Share and the assumed fair value of the Warrants of RM0.1852 each based on the Blaek-Scholes options pricing model as extracted from Bloomberg.

(2) The Warrants are assumed to have a fair value of RM0.1852 based on the Black-Scholes options pricing model as extracted from Bloomberg.

(3) After dedueting estimated expenses of RM0.95 million for the Corporate Exercises.

(4) Based on the exercise price of RM0.60 per Warrant and the recognition of the fair value of the Warrants upon the exercise of the Warrants.

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Maximum Scenario

	(Audited) As at 31 March 2017 (RM'000)	(I) After the Rights Issue of Shares with Warrants (RM'000)	(II) After (I) and assuming full exercise of the Warrants (RM'000)
Share capital	60,012	82,416$^{(1)}$	144,029$^{(4)}$
Share premium	4	4	4
Foreign exchange reserve	6,430	6,430	6,430
Legal reserve fund	326	326	326
Warrants reserve	-	7,602$^{(2)}$	-
Retained earnings	19,741	18,791$^{(3)}$	18,791
Shareholders' funds / NA	**86,513**	**115,569**	**169,580**
No. of PCCS Shares in issue ('000)	60,012	210,042	300,060
NA per PCCS Share (RM)	1.44	0.55	0.57
NTA per PCCS Share (RM)	1.44	0.55	0.57
Total borrowings (RM'000)	100,417	100,417	100,417
Gearing (times)	1.16	0.87	0.59

Notes:

(1) Based on the issue price of RM0.20 per Rights Share and the assumed fair value of the Warrants of RM0.1838 each based on the Black-Scholes options pricing model as extraeted from Bloomberg.

(2) The Warrants are assumed to have a fair value of RM0.1838 based on the Black-Scholes options pricing model as extracted from Bloomberg.

(3) After deducting estimated expenses of RM0.95 milliou for the Corporate Exercises.

(4) Based on the exercise price of RM0.60 per Warrant and the recognition of the fair value of the Warrants upon the exercise of the Warrants.

8.3 Earnings and EPS

The Rights Issue of Shares with Warrants will result in an immediate dilution in the consolidated EPS of our Group as a result of the increase in the number of PCCS Shares in issue upon completion of the Rights Issue of Shares with Warrants. Nevertheless, the Rights Issue of Shares with Warrants is expected to contribute positively to the earnings of our Group upon use of the proceeds raised.

The impact of the Rights Issue of Shares with Warrants on the earnings and consolidated EPS of our Group is dependent on, amongst others, the actual number of Rights Shares and the potential benefits to be derived from the use of proceeds raised from the Rights Issue of Shares with Warrants.

The effect of any exercise of Warrants on our Group's consolidated EPS would depend on the returns generated by our Group from the use of proceeds arising from the exercise of the Warrants.

For illustration purposes, assuming that the Rights Issue of Shares with Warrants is completed on 1 April 2016, being the commencement for the FYE 31 March 2017, the LPS of our Group shall be as follows:

Minimum Scenario

	(Audited) As at 31 March 2017	(I) After the Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of Warrants
LAT attributable to our equity holders (RM)	(9,236,000)	(10,186,000)[(1)]	(10,186,000)
No. of PCCS Shares in issue	60,012,000	102,358,312	127,766,098
No. of Warrants in issue	-	25,407,786	-
Basic LPS (sen)	(15.4)	(10.0)	(8.0)
Diluted LPS (sen)	-	(8.0)[(2)]	-

Maximum Scenario

	(Audited) As at 31 March 2017	(I) After the Rights Issue of Shares with Warrants	(II) After (I) and assuming full exercise of Warrants
LAT attributable to our equity holders (RM)	(9,236,000)	(10,186,000)[(1)]	(10,186,000)
No. of PCCS Shares in issue	60,012,000	210,042,007	300,060,010
No. of Warrants in issue	-	90,018,003	-
Basic LPS (sen)	(15.4)	(4.8)	(3.4)
Diluted LPS (sen)	-	(3.4)[(2)]	-

Notes:

(1) After taking into consideration the estimated expenses of RM0.95 million for the Corporate Exercises.

(2) Based on the LAT attributable to our equity holders divided by the adjusted enlarged issued share capital of our Company after taking into consideration the Warrants to be issued pursuant to the Rights Issue of Shares with Warrants.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, cash in hand, funds generated from our operation and banking facilities available, our Group will have adequate working capital for the next 12 months from the date of this AP.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM73.49 million, all of which are interest-bearing, with details as follows:

	Purpose of borrowings	Currency	Amount in foreign currency	Amount in RM
Short term borrowings				
Secured	Hire purchase and term loan for purchase of machineries	RM	-	1,446,178
Unsecured	Working capital	RM	-	5,972,581
		USD	3,102,944	13,156,482[(1)]
		RMB	78,741,202	50,394,369[(2)]
Sub-total				**70,969,610**
Long term borrowings				
Secured	Hire purchase and term loan for purchase of machineries	RM	-	2,520,471
Sub-total				**2,520,471**
Total borrowings				**73,490,081**

Notes:

(1) Based on the exchange rate of USD1:RM4.24.

(2) Based on the exchange rate of RM0.64:RMB1.

All our Group's outstanding foreign currency borrowings as at the LPD are obtained from financial institutions in Cambodia, China and Hong Kong.

Our Group did not default on the payment of any interest or principal sums in respect of any borrowing, throughout the past one FYE 31 March 2017, and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liability which may, upon becoming enforceable, have a material adverse effect on our Group's financial results or financial position:-

	RM'000
Corporate guarantee given to licensed banks for banking facilities granted to our subsidiaries	75,917

9.4 Material commitments

As at the LPD, our Board is not aware of any material commitment incurred or known to be incurred by our Group which may have a material adverse effect on our Group's financial results or financial position.

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants is governed by the terms and conditions set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and behalf of the Board of
PCCS GROUP BERHAD

JULIAN LIM WEE LIANG
Senior Independent Non-Executive Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 20 SEPTEMBER 2017

PCCS GROUP BERHAD
(Company No. 280929-K)
(Incorporated in Malaysia)

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 20 SEPTEMBER 2017

4.0 ANNOUNCEMENT OF POLL RESULTS

The Independent Scrutineer, Commercial Quest Sdn. Bhd., presented the results of the poll to the Chairman.

The Chairman announced the results of the poll as follows: -

Resolutions	Vote in Favour		Vote Against	
	No. of shares	%	No. of shares	%
Ordinary Resolution No. 1 Proposed Rights Issue of Shares with Warrants	6,913,730	100	0	0
Ordinary Resolution No. 2 Proposed Exemption	6,913,730	100	0	0

Based on the results of the poll voting, the Chairman declared the following resolutions be **CARRIED:-**

ORDINARY RESOLUTION NO. 1
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 150,030,005 NEW ORDINARY SHARES IN PCCS ("PCCS SHARES") ("RIGHTS SHARES") ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) EXISTING PCCS SHARES HELD, TOGETHER WITH UP TO 90,018,003 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF THREE (3) WARRANTS FOR EVERY FIVE (5) RIGHTS SHARES SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS")

*"**THAT**, subject to the passing of the Ordinary Resolution No. 2 and the approvals of all relevant authorities and/or parties (if required) being obtained, the Board of Directors of PCCS ("**Board**") be and is hereby authorised to: -*

*(i) provisionally allot and issue by way of a renounceable rights issue of up to 150,030,005 Rights Shares together with up to 90,018,003 Warrants on the basis of five (5) Rights Shares for every two (2) existing PCCS Shares held and three (3) Warrants for every five (5) Rights Shares subscribed by the shareholders of PCCS whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholders**") and/or their renouncee(s);*

(ii) determine the final issue price of the Rights Shares after taking into consideration the following: -

PCCS GROUP BERHAD
(Company No. 280929-K)
(Incorporated in Malaysia)

(Certified Extract of the Minutes of the Extraordinary General Meeting held on 20 September 2017 - cont'd)

*(a) the theoretical ex-rights price ("**TERP**") of PCCS Shares based on the five (5) day-volume weighted average market price ("**VWAP**") of PCCS Shares immediately preceding the price-fixing date with a discount to the TERP to be determined by the Board; and*

*(b) the funding requirement of PCCS and its subsidiaries, as detailed in Section 2.1.6, Part A of the circular to the shareholders dated 30 August 2017 ("**Circular**").*

(iii) determine the final exercise price of the Warrants after taking into consideration, among others, the TERP of PCCS Shares based on the 5 day-VWAP of PCCS Shares immediately preceding the price-fixing date; and

*(iv) enter into and execute the deed poll constituting the Warrants ("**Deed Poll**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll.*

***THAT** the Board be and is hereby authorised to deal with all or any fractional entitlements of the Rights Shares and Warrants under the Proposed Rights Issue of Shares with Warrants, in such manner as the Board shall at its absolute discretion as it may deem fit, expedient or in the best interest of the Company.*

***THAT** the Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). The Board be and is hereby authorised to allocate such excess Rights Shares on a basis as the Board shall at its absolute discretion as it may deem fit or in the best interest of the Company.*

***THAT** the proceeds from the Proposed Rights Issue of Shares with Warrants be utilised in the manner as set out in Section 2.1.6, Part A of the Circular, and the Board be and is hereby authorised with full power to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/or in the best interest of the Company, subject to the approval of the relevant authorities, where required.*

***THAT** the Rights Shares and the new PCCS Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank pari passu in all respects with the then existing PCCS Shares, save and except that the Rights Shares and the new PCCS Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new PCCS Shares to be issued arising from the exercise of the Warrants.*

***AND THAT** the Board be and is hereby authorised to do all acts, things and to execute, sign and deliver or caused to be delivered for and on behalf of the Company, all such documents as it may consider necessary and/or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Rights Issue of Shares with Warrants with full power to assent to any terms, conditions, modifications, variations and/or amendments in any manner as the Board may deem necessary and/or expedient in the best interest of the Company or as may be required or imposed by any relevant authority."*

PCCS GROUP BERHAD
(Company No. 280929-K)
(Incorporated in Malaysia)

(Certified Extract of the Minutes of the Extraordinary General Meeting held on 20 September 2017 - cont'd)

ORDINARY RESOLUTION NO. 2

PROPOSED EXEMPTION TO CCS CAPITAL SDN BHD ("CCS CAPITAL") AND PERSONS ACTING IN CONCERT WITH IT ("PACS") UNDER PARAGRAPH 4.08(1)(b) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING PCCS SHARES NOT ALREADY OWNED BY CCS CAPITAL AND ITS PACS UPON COMPLETION OF THE PROPOSED RIGHTS ISSUE OF SHARES WITH WARRANTS ("PROPOSED EXEMPTION")

*"**THAT** subject to the passing of Ordinary Resolution No. 1 and the approvals and/or consents of the Securities Commission Malaysia ("**SC**") and/or any other relevant authorities or parties (where required) including such conditions as may be imposed by the SC, approval be and is hereby given for CCS Capital and its PACs to be exempted from the obligation to undertake a Mandatory Take-Over Offer upon completion of the Proposed Rights Issue of Shares with Warrants in accordance with Paragraph 4.08(1)(b) of the Rules.*

***AND THAT** the Board be and is hereby authorised to do all acts, things and to execute, sign and deliver or caused to be delivered for and on behalf of the Company, all such documents as it may consider necessary and/or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Exemption with full power to assent to any terms, conditions, modifications, variations and/or amendments in any manner as the Board may deem necessary and/or expedient in the best interest of the Company or as may be required or imposed by any relevant authority."*

CERTIFIED TRUE COPY

DIRECTOR
JULIAN LIM WEE LIANG

SECRETARY
CHENG CHIA PING
(MAICSA 1032514
PRACTITIONER)

Dated: 20 September 2017

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 6 November 1993 under the Act as a public limited company. It was subsequently listed on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) in 1995.

Our Company is principally involved in investment holding and provision of management services, whilst the principal activities of our subsidiaries are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

Details of our share capital as at the LPD are as follows:

	No. of PCCS Shares	**Total (RM)**
Issued share capital	60,012,002	60,012,002

There is no change in our issued share capital for the past 3 years up to the LPD.

3. BOARD OF DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for details of the members of our Board.

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4. **DIRECTORS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholdings of our Directors based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue of Shares with Warrants[8]			
	Direct		Indirect		Direct		Indirect	
Name	No. of PCCS Shares	%[1]	No. of PCCS Shares	%[1]	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[2]
Julian Lim Wee Liang	-	-	-	-	-	-	-	-
Chan Choo Sing	2,643,220	4.40	28,495,382[4]	47.48	2,643,220	2.58	70,841,692[9]	69.21
Chan Chow Tek	2,272,750	3.79	24,000,078[5]	39.99	2,272,750	2.22	24,000,078[5]	23.45
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411[6]	39.99	339,817	0.33	24,001,411[6]	23.45
Chan Chor Ang	542,350	0.90	24,040,078[7]	40.06	542,350	0.53	24,040,078[7]	23.49
Piong Yew Peng	-	-	-	-	-	-	-	-

	(II) After (I) and the Proposed Rationalisation				(III) After (II) and assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
Name	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[3]	No. of PCCS Shares	%[3]
Julian Lim Wee Liang	-	-	-	-	-	-	-	-
Chan Choo Sing	-	-	73,484,912[10]	71.79	-	-	98,892,698[10]	77.40
Chan Chow Tek	2,272,750	2.22	24,000,078[5]	23.45	2,272,750	1.78	24,000,078[5]	18.78
Dato' Chan Chor Ngiak	339,817	0.33	24,001,411[6]	23.45	339,817	0.27	24,001,411[6]	18.79
Chan Chor Ang	542,350	0.53	24,040,078[7]	23.49	542,350	0.42	24,040,078[7]	18.82
Piong Yew Peng	-	-	-	-	-	-	-	-

INFORMATION ON OUR COMPANY (*CONT'D*)

Notes:

(1) Based on 60,012,002 PCCS Shares in issue as at the LPD.

(2) Based on 102,358,312 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants under the Minimum Scenario.

(3) Based on 127,766.098 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants and assuming full exercise of the Warrants under the Minimum Scenario.

(4) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(c) of the Act.

(5) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act.

(6) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Datin Mok Gwa Nang's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(7) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Chia Lee Kean's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(8) Assuming only the Undertaking Shareholder subscribes to the Rights Shares pursuant to the Undertaking.

(9) Deemed interested by virtue of his shareholding in CCS Capital and SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(c) of the Act.

(10) Deemed interested by virtue of his shareholding in CCS Capital and SSSB pursuant to Section 8(4) of the Act.

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INFORMATION ON OUR COMPANY (*CONT'D*)

Maximum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants[8]			
	Direct		Indirect		Direct		Indirect	
	No. of PCCS Shares	%[1]	No. of PCCS Shares	%[1]	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[2]
Julian Lim Wee Liang	-	-	-	-	-	-	-	-
Chan Choo Sing	2,643,220	4.40	28,495,382[4]	47.48	2,643,220	1.26	106,341,887[9]	50.63
Chan Chow Tek	2,272,750	3.79	24,000,078[5]	39.99	7,954,625	3.79	24,000,078[5]	11.43
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411[6]	39.99	1,189,359	0.57	24,004,743[6]	11.43
Chan Chor Ang	542,350	0.90	24,040,078[7]	40.06	1,898,225	0.90	24,140,078[7]	11.49
Piong Yew Peng	-	-	-	-	-	-	-	-

Name	(II) After (I) and the Proposed Rationalisation				(III) After (II) and assnming fnll exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[3]	No. of PCCS Shares	%[3]
Julian Lim Wee Liang					-	-	-	-
Chan Choo Sing	-	-	108,985,107[10]	51.89	-	-	155,693,010[10]	51.89
Chan Chow Tek	7,954,625	3.79	24,000,078[5]	11.43	11,363,750	3.79	24,000,078[5]	8.00
Dato' Chan Chor Ngiak	1,189,359	0.57	24,004,743[6]	11.43	1,699,084	0.57	24,006,742[6]	8.00
Chan Chor Ang	1,898,225	0.90	24,140,078[7]	11.49	2,711,750	0.90	24,200,078[7]	8.07
Piong Yew Peng	-	-	-	-	-	-	-	-

Notes:

(1) Based on 60,012,002 PCCS Shares in issue as at the LPD.

(2) Based on 210,042,007 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants under the Maximum Scenario.

(3) Based on 300,060,010 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants and assuming full exercise of the Warrants under the Maximum Seenario.

INFORMATION ON OUR COMPANY (*CONT'D*)

(4) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(e) of the Act.

(5) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act.

(6) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Datin Mok Gwa Nang's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(7) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Chia Lee Kean's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(8) Assuming all our Entitled Shareholders and/or their renouncee(s) fully subscribe for their entitlements of the Rights Shares.

(9) Deemed interested by virtue of his shareholding in CCS Capital and SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(c) of the Act.

(10) Deemed interested by virtue of his shareholdings in CCS Capital and SSSB pursuant to Section 8(4) of the Act.

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5. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue of Shares with Warrants on the shareholdings of our substantial shareholders based on our Record of Depositors as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Rights Issue of Shares with Warrants[9]			
	Direct		Indirect		Direct		Indirect	
Name	No. of PCCS Shares	%[1]	No. of PCCS Shares	%[1]	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[2]
CCS Capital	-	-	-	-	42,346,310	41.37	-	-
SSSB	24,000,078	39.99	-	-	24,000,078	23.45	-	-
Chan Chow Tek	2,272,750	3.79	24,000,078[4]	39.99	2,272,750	2.22	24,000,078[4]	23.45
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411[5]	39.99	339,817	0.33	24,001,411[5]	23.45
Chan Chor Ang	542,350	0.90	24,040,078[6]	40.06	542,350	0.53	24,040,078[6]	23.49
Chan Choo Sing	2,643,220	4.40	28,495,382[7]	47.48	2,643,220	2.58	70,841,692[10]	69.21
Tan Kwee Kee	3,833,539	6.39	27,305,063[8]	45.50	3,833,539	3.75	69,651,373[11]	68.05
Chan Wee Kiang	530,765	0.88	-	-	530,765	0.52	42,346,310[12]	41.37

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INFORMATION ON OUR COMPANY (*CONT'D*)

Name	(II) After (I) and the Proposed Rationalisation				(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of PCCS Shares	%[(2)]	No. of PCCS Shares	%[(2)]	No. of PCCS Shares	%[(3)]	No. of PCCS Shares	%[(3)]
CCS Capital	49,484,834	48.34	-	-	74,892,620	58.62	-	-
SSSB	24,000,078	23.45	-	-	24,000,078	18.78	-	-
Chan Chow Tek	2,272,750	2.22	24,000,078[(4)]	23.45	2,272,750	1.78	24,000,078[(4)]	18.78
Dato' Chan Chor Ngiak	339,817	0.33	24,001,411[(5)]	23.45	339,817	0.27	24,001,411[(5)]	18.79
Chan Chor Ang	542,350	0.53	24,040,078[(6)]	23.49	542,350	0.42	24,040,078[(6)]	18.82
Chan Choo Sing	-	-	73,484,912[(13)]	71.79	-	-	98,892,698[(13)]	77.40
Tan Kwee Kee	-	-	73,484,912[(14)]	71.79	-	-	98,892,698[(14)]	77.40
Chan Wee Kiang	-	-	49,484,834[(12)]	48.34	-	-	74,892,620[(12)]	58.62

Notes:

(1) Based on 60,012,002 PCCS Shares in issue as at the LPD.

(2) Based on 102,358,312 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants under the Minimum Scenario.

(3) Based on 127,766,098 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants and assuming full exercise of the Warrants under the Minimum Scenario.

(4) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act.

(5) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Datin Mok Gwa Nang's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(6) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Chia Lee Kean's shareholding in our Company pursuant to Seetion 59(11)(c) of the Act.

(7) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Seetion 59(11)(c) of the Act.

(8) Deemed interested by virtue of her spouse, Chan Choo Sing's shareholdings in SSSB and our Company pursuant to Section 8(4) of the Act and her sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company.

(9) Assuming only the Undertaking Shareholder subscribes to the Rights Shares pursuant to the Undertaking.

(10) Deemed interested by virtue of his shareholding in CCS Capital and SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(c) of the Act.

(11) Deemed interested by virtue of her shareholding in CCS Capital and her spouse, Chan Choo Sing's shareholding in SSSB and our Company pursuant to Section 8(4) of the Act and her sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company.

(12) Deemed interested by virtue of his shareholding in CCS Capital pursuant to Section 8(4) of the Act.

(13) Deemed interested by virtue of his shareholding in CCS Capital and SSSB pursuant to Section 8(4) of the Act.

(14) Deemed interested by virtue of her shareholding in CCS Capital and her spouse, Chan Choo Sing's shareholding in SSSB pursuant to Section 8(4) of the Act.

Maximum Scenario

	As at the LPD				(I) After the Rights Issue of Shares with Warrants[9]			
	Direct		Indirect		Direct		Indirect	
Name	**No. of PCCS Shares**	**%[1]**	**No. of PCCS Shares**	**%[1]**	**No. of PCCS Shares**	**%[2]**	**No. of PCCS Shares**	**%[2]**
CCS Capital	-	-	-	-	77,846,505	37.06	-	-
SSSB	24,000,078	39.99	-	-	24,000,078	11.43	-	-
Chan Chow Tek	2,272,750	3.79	24,000,078[4]	39.99	7,954,625	3.79	24,000,078[4]	11.43
Dato' Chan Chor Ngiak	339,817	0.57	24,001,411[5]	39.99	1,189,359	0.57	24,004,743[5]	11.43
Chan Chor Ang	542,350	0.90	24,040,078[6]	40.06	1,898,225	0.90	24,140,078[6]	11.49
Chan Choo Sing	2,643,220	4.40	28,495,382[7]	47.48	2,643,220	1.26	106,341,887[10]	50.63
Tan Kwee Kee	3,833,539	6.39	27,305,063[8]	45.50	3,833,539	1.83	105,151,568[11]	50.06
Chan Wee Kiang	530,765	0.88	-	-	530,765	0.25	77,846,505[12]	37.06

	(II) After (I) and the Proposed Rationalisation				(III) After (II) and assuming full exercise of the Warrants			
	Direet		Indirect		Direet		Indirect	
Name	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[2]	No. of PCCS Shares	%[3]	No. of PCCS Shares	%[3]
CCS Capital	84,985,029	40.46	-	-	131,692,932	43.89	-	-
SSSB	24,000,078	11.43	-	-	24,000,078	8.00	-	-
Chan Chow Tek	7,954,625	3.79	24,000,078[4]	11.43	11,363,750	3.79	24,000,078[4]	8.00
Dato' Chan Chor Ngiak	1,189,359	0.57	24,004,743[5]	11.43	1,699,084	0.57	24,006,742[5]	8.00
Chan Chor Ang	1,898,225	0.90	24,140,078[6]	11.49	2,711,750	0.90	24,200,078[6]	8.07
Chan Choo Sing	-	-	108,985,107[13]	51.89	-	-	155,693,010[13]	51.89
Tan Kwee Kee	-	-	108,985,107[14]	51.89	-	-	155,693,010[14]	51.89
Chan Wee Kiang	-	-	84,985,029[12]	40.46	-	-	131,692,932[12]	43.89

Notes:

(1) Based on 60,012,002 PCCS Shares in issue as at the LPD.

(2) Based on 210,042,007 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants under the Maximum Scenario.

(3) Based on 300,060,010 PCCS Shares, being the pro forma enlarged issued share capital after the completion of the Rights Issue of Shares with Warrants and assuming full exercise of the Warrants under the Maximum Scenario.

(4) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act.

(5) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Datin Mok Gwa Nang's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(6) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act and his spouse, Chia Lee Kean's shareholding in our Company pursuant to Section 59(11)(c) of the Act.

(7) Deemed interested by virtue of his shareholding in SSSB pursuant to Section 8(4) of the Act, his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(c) of the Act.

(8) Deemed interested by virtue of her spouse, Chan Choo Sing's shareholdings in SSSB and our Company pursuant to Section 8(4) of the Act and her sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company.

(9) Assuming all our Entitled Shareholders and/or their renouncee(s) fully subscribe for their entitlements of the Rights Shares.

(10) Deemed interested by virtue of his shareholdings in CCS Capital and SSSB pursuant to Section 8(4) of the Act and his spouse, Tan Kwee Kee, and sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company pursuant to Section 59(11)(c) of the Act.

(11) Deemed interested by virtue of her shareholding in CCS Capital and her spouse, Chan Choo Sing's shareholding in SSSB and our Company pursuant to Section 8(4) of the Act and her sons, Chan Wee Kiang and Chan Wee Boon's shareholdings in our Company.

(12) Deemed interested by virtue of his shareholding in CCS Capital pursuant to Section 8(4) of the Act.

(13) Deemed interested by virtue of his shareholdings in CCS Capital and SSSB pursuant to Section 8(4) of the Act.

(14) Deemed interested by virtue of her shareholding in CCS Capital and her spouse, Chan Choo Sing's shareholding in SSSB pursuant to Section 8(4) of the Act.

6. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of our subsidiaries and associated company as at the LPD are as follows:

Name of company	Date and country of incorporation	Issued share capital	Effective equity interest (%)	Principal activities
Perusahaan Chan Choo Sing Sdn Bhd	21 May 1981, Malaysia	RM1,990,000	100	Manufacturing and sale of apparels
Beauty Electronic Embroidering Centre Sdn Bhd	8 June 1983, Malaysia	RM500,000	100	Dormant
Jusca Garments Sdn Bhd	27 February 1985, Malaysia	RM600,000	100	Dormant
Keza Sdn Bhd.	11 April 1985, Malaysia	RM200,000	100	Property holding
Mega Labels & Stickers Sdn Bhd	28 November 1989, Malaysia	RM330,000	100	Dormant
Mega Label (Malaysia) Sdn Bhd	28 November 2000, Malaysia	RM500,000	100	Printing and sale of labels and stickers
Thirty Three Trading Sdn Bhd	25 June 1996, Malaysia	RM500,000	100	Dormant
PCCS Garments Limited	16 July 1998, Cambodia	USD5,500,000	100	Dormant
JIT Textiles Limited	3 March 2008, Cambodia	USD1,000,000	100	Manufacturing of apparels and providing sub-contracting services
PCCS Garments (Suzhou) Ltd	7 April 2005, China	USD6.000,000	100	Manufacturing and sale of apparels
PCCS (Hong Kong) Limited	20 March 2002, Hong Kong	HKD6,240,000	100	Trading of apparels

INFORMATION ON OUR COMPANY (*CONT'D*)

Name of company	Date and country of incorporation	Issued share capital	Effective equity interest (%)	Principal activities
Beauty Apparels (Cambodia) Ltd	29 March 2011, Cambodia	USD25,000	100	Dormant
Thirty Three (Hong Kong) Ltd	9 September 2010, Hong Kong	HKD20,000	100	Investment holding
Perfect Seamless Garments (Cambodia) Ltd	7 July 2015, Cambodia	USD801,975	51	Manufacturing of seamless bonding
Subsidiary of Beauty Electronic Embroidering Centre Sdn Bhd				
JIT Embroidery Limited	26 December 2006, Cambodia	USD1,000,000	100	Embroidering of logos, emblems and printing of silk screen products
Subsidiary of Thirty Three Trading Sdn Bhd				
Beauty Silk Screen (M) Sdn Bhd	18 June 2002, Malaysia	RM200,000	100	Dormant
Subsidiary of Beauty Silk Screen (M) Sdn Bhd				
Beauty Silk Screen Limited	24 March 2003, Cambodia	USD50,000	100	Embroidering of logos, emblems and printing of silk screen products
Subsidiaries of PCCS Garments (Suzhou) Ltd				
PCCS Garments Wuhan Ltd	31 August 2010, China	RMB1,000,000	100	Property holding
Yuxing Apparel Suqian Limited	13 June 2016, China	RMB1,200,000	100	Trading of apparels
Subsidiary of Thirty Three (Hong Kong) Ltd				
Thirty Three (Shanghai) Ltd	9 March 2011, China	USD550,000	100	Trading of brand apparels and provide design service
Subsidiary of Mega Labels & Stickers Sdn Bhd				
Mega Labels & Stickers (Cambodia) Co., Ltd	26 April 2012, Cambodia	USD1,000,000	100	Printing and sale of labels and stickers and manufacturing of elastic bands and related products
Subsidiary of Keza Sdn Bhd				
Keza (Cambodia) Limited	4 September 2012, Cambodia	USD500,000	100	Dormant

INFORMATION ON OUR COMPANY (*CONT'D*)

Name of company	Date and country of incorporation	Issued share capital	Effective equity interest (%)	Principal activities
Subsidiary of PCCS (Hong Kong) Limited				
Ample Apparels Limited	20 March 2017, Hong Kong	HKD100,000	60	Trading of apparels
Associated company of PCCS Garments (Suzhou) Limited				
PCCS Shandong Garments Limited	9 August 2017, China	RMB10,000,000	30	Manufacturing and sale of apparels

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7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the FYE 31 March 2015, FYE 30 March 2016, and FYE 31 March 2017, are summarised as follows:

	Audited			Unaudited	
	FYE 31 March 2015	FYE 31 March 2016 (Restated)	FYE 31 March 2017	3-month FPE 30 June 2016	3-month FPE 30 June 2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Continuing operations					
Revenue	357,376	431,686	484,353	125,406	151,657
GP	37,032	50,331	73,213	13,170	23,103
Interest income	81	104	193	24	36
Other income	7,745	5,548	4,816	539	1,633
Administrative expenses	(45,863)	(44,150)	(58,460)	(13,117)	(16,008)
Selling and marketing expenses	(11,850)	(11,812)	(9,813)	(2,755)	(1,677)
Share of results of associates	-	-	(2)	-	-
Operating (loss)/profit	**(12,855)**	**21**	**9,947**	**(2,139)**	**7,087**
Finance costs	(4,055)	(5,546)	(5,413)	(1,410)	(1,470)
(Loss)/profit before tax from continuing operations	**(16,910)**	**(5,525)**	**4,534**	**(3,549)**	**5,617**
Income tax expense	(485)	(214)	(3,202)	(429)	(1,875)
(Loss)/profit from continuing operations, net of tax	**(17,395)**	**(5,739)**	**1,332**	**(3,978)**	**3,742**
Discontinued operations					
Loss from discontinued operations, net of tax	-	(4,884)	(7,244)	-	-
Non-controlling interests	-	(2,093)	(3,105)	-	-
(Loss)/profit net of tax	**(17,395)**	**(12,716)**	**(9,017)**	**(3,978)**	**3,742**
Foreign currency translation	3,475	1,701	(1,164)	(151)	562
Total comprehensive income/(loss)	**(13,920)**	**(11,015)**	**(10,181)**	**(4,129)**	**4,304**
(Loss)/profit attributable to:					
Owners of the parent	(17,465)	(10,255)	(9,236)	(3,104)	3,718
Non-controlling interests	70	(2,461)	219	(874)	24
PAT / (LAT)	**(17,395)**	**(12,716)**	**(9,017)**	**(3,978)**	**3,742**
EBITDA / (LBITDA) [(1)]	(2,135)	8,879	19,316	1,139	9,270
Weighted average number of Shares in issue ('000)	60,012	60,012	60,012	60,012	60,012
Continuing operations:					
Basic EPS / (LPS) [(2)] (sen)	(29.10)	(8.95)	(3.32)	(5.17)	6.20
Diluted EPS / (LPS) (sen)	NA	NA	NA	NA	NA

	Audited			Unaudited	
	FYE 31 March 2015	FYE 31 March 2016 (Restated)	FYE 31 March 2017	3-month FPE 30 June 2016	3-month FPE 30 June 2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Discontinued operations:					
Basic EPS / (LPS) [(2)] (sen)	-	(8.14)	(12.07)	-	-
Diluted EPS / (LPS) (sen)	NA	NA	NA	NA	NA
GP margin [(3)] (%)	10.36	11.66	15.12	10.50	15.23
PBT / (LBT) margin [(3)] (%)	(4.73)	(1.28)	0.94	(2.83)	3.70
PAT / (LAT) margin [(4)] (%)	(4.89)	(2.38)	(1.91)	(2.48)	2.45
Dividend (sen)	-	-	-	-	-

Notes:

NA Not applicable as our Group does not have any convertible securities for the respective financial years/periods under review.

(1) Calculated based on the following formula:-

EBITDA/(LBITDA) = PBT + net finance cost + depreciation + amortisation + impairment loss

(2) Being the PAT/(LAT) attributable to the owners of the parent in respect of the continued operations and discontinued operations (as applicable) divided by the weighted average number of Shares in issue for the respective financial years/periods under review.

(3) In respect of the continuing operations.

(4) Based on the PAT/(LAT) attributable to the owners of the parent for the respective financial years/periods under review.

(i) FYE 31 March 2016 vs. FYE 31 March 2015

Our Group's revenue increased by approximately RM74.31 million from approximately RM357.38 million recorded in the FYE 31 March 2015 to approximately RM431.69 million in the FYE 31 March 2016. The increase in revenue was mainly contributed by higher revenue achieved by our Group's apparel and labelling divisions.

The administrative expenses of our Group decreased by approximately RM1.71 million from approximately RM45.86 million in the FYE 31 March 2015 to approximately RM44.15 million in the FYE 31 March 2016. The decrease was mainly attributable to bad debts written off in the FYE 31 March 2015 of approximately RM1.93 million as a result of a debtor being wound-up as compared to RM0.01 million in the FYE 31 March 2016.

The selling and marketing expenses of our Group consist of mainly sales commission to agents and transportation charges amongst others. The decrease by approximately RM0.04 million from approximately RM11.85 million in the FYE 31 March 2015 to approximately RM11.81 million in the FYE 31 March 2016 is marginal.

Our Group registered an operating profit of RM0.02 million in the FYE 31 March 2016 as opposed to an operating loss of approximately RM12.86 million in the FYE 31 March 2015 mainly due to higher revenue and lower administrative, selling and marketing expenses as detailed above in the FYE 31 March 2016.

Continuing operations:

(a) Apparel division

The revenue from our Group's apparel division increased by approximately 23.34% or RM71.50 million from approximately RM306.36 million recorded in the FYE 31 March 2015 to approximately RM377.86 million in the FYE 31 March 2016. The increase in revenue was mainly contributed by the significant increase in orders received by our Group's manufacturing plants in China.

Our Group's apparel division registered a lower operating loss of approximately RM6.13 million in the FYE 31 March 2016 as compared to an operating loss of approximately RM14.85 million in the FYE 31 March 2015 or a decrease of 58.75% mainly due to the increase in the orders received in China and improved profit margins due to economies of scale.

(b) Labelling division

The revenue from Our Group's labelling division increased by approximately 20.92% or RM7.35 million from approximately RM35.15 million recorded in the FYE 31 March 2015 to approximately RM42.50 million in the FYE 31 March 2016. The increase in revenue was mainly due to competitive pricing strategy adopted by our Group and increase in orders received from existing and new customers in Cambodia.

Our Group's labelling division registered an operating profit of approximately RM6.70 million in the FYE 31 March 2016 as opposed to an operating loss of approximately RM0.62 million in the FYE 31 March 2015 which was mainly attributable to an increase in production volume which led to improved profit margins from economies of scale.

(c) Other division

The revenue from our Group's other division decreased by approximately 28.61% or RM4.54 million from approximately RM15.86 million recorded in the FYE 31 March 2015 to approximately RM11.33 million in the FYE 31 March 2016 which was mainly attributable to lower orders received for our Group's fabric manufacturing in Malaysia.

Despite the lower revenue recorded in the FYE 31 March 2016, the operating loss of our Group's other division decreased by 87.20% or RM8.85 million from approximately RM10.15 million in the FYE 31 March 2015 to approximately RM1.30 million in the FYE 31 March 2016 mainly due to reduction of operating costs (i.e., staff cost, defect charges and sales commission to agents) from its subsidiaries in Malaysia.

Discontinued operations:

The operating loss from discontinued operations of approximately RM6.64 million arose mainly from the operating losses incurred by SYG and GAL, our Company's subsidiaries which were disposed of in December 2016.

(ii) FYE 31 March 2017 vs. FYE 31 March 2016

Our Group's revenue increased by approximately RM52.67 million from approximately RM431.69 million recorded in the FYE 31 March 2016 to approximately RM484.35 million in the FYE 31 March 2017. The increase in revenue was contributed by the increase in revenue across all the divisions within our Group, namely apparel division, labelling division and other division.

The administrative expenses of our Group increased by approximately RM14.31 million from approximately RM44.15 million in the FYE 31 March 2016 to approximately RM58.46 million in the FYE 31 March 2017. The increase in administrative expenses was mainly attributable to higher one-off consultation fees incurred in our China operations, provision of indirect tax in Cambodia (i.e., withholding tax, value added tax, fringe benefit tax and salary tax) and fixed assets written off (which include office equipment, sewing machines and other assets in our Cambodia operations) in the FYE 31 March 2016.

The selling and marketing expenses of our Group decreased by approximately RM2.00 million from approximately RM11.81 million in the FYE 31 March 2016 to approximately RM9.81 million in the FYE 31 March 2017. The decrease in selling and marketing expenses was mainly attributable to reduction in transportation charges and entertainment cost.

Our Group's operating profit increased by approximately RM9.93 million from approximately RM0.02 million in the FYE 31 March 2016 to RM9.95 million in the FYE 31 March 2017 mainly due to higher revenue generated and lower selling and marketing expenses incurred in the FYE 31 March 2017.

Continuing operations:

(a) Apparel division

The revenue from our Group's apparel division increased by approximately 10.63% or RM40.17 million from approximately RM377.86 million recorded in the FYE 31 March 2016 to approximately RM418.03 million in the FYE 31 March 2017. The increase in revenue was mainly due to an increase in orders received by the manufacturing plants in China.

Our Group's apparel division registered an operating profit of approximately RM4.97 million in the FYE 31 March 2017 as opposed to an operating loss of approximately RM6.13 million in the FYE 31 March 2016 attributable to the elimination of unprofitable apparel business of our Group in Cambodia, namely SYG and GAL coupled with an increase in orders received in China with better profit margin due to economies of scale.

(b) Labelling division

The revenue from our Group's labelling division increased by approximately 14.56% or RM6.19 million from approximately RM42.50 million recorded in the FYE 31 March 2016 to approximately RM48.69 million in the FYE 31 March 2017. The increase in revenue was mainly due to increase in orders received by our Group's labelling division in Malaysia.

The operating profit from our Group's labelling division decreased by 44.98% or RM3.01 million from approximately RM6.70 million in the FYE 31 March 2016 to approximately RM3.69 million in the FYE 31 March 2017 which was mainly due to the increase in labour cost in Cambodia as a result of higher minimum wages imposed by the Cambodia's Ministry of Labor.

(c) Other division

The revenue from our Group's other division increase by approximately 55.73% or RM6.31 million from approximately RM11.33 million recorded in the FYE 31 March 2016 to approximately RM17.64 million in the FYE 31 March 2017. The increase in revenue was mainly due to higher number of orders secured from printing, embroidering and seamless bonding divisions.

Despite the higher revenue recorded in the FYE 31 March 2017, the operating loss of our Group's other division increased by RM34.53 million from approximately RM1.30 million in the FYE 31 March 2016 to approximately RM35.83 million in the FYE 31 March 2017 mainly due to the recognition of impairment loss in respect of its investment in PCCS Garments Limited as the present value of the estimated future cash flows deriving from PCCS Garments Limited is lower than its carrying amount as its operations has ceased since 2014 and bad debts written off between intercompany within our Group due to cessation of operations of SYG and GAL which, for avoidance of doubt, does not have any impact on the consolidated profit or loss of our Group.

Discontinued operations:

Our Company's wholly-owned subsidiary, namely SYG and a 70%-owned subsidiary namely GAL were disposed of on 14 December 2016. SYG and GAL recorded operating losses of approximately RM8.27 million in the FYE 31 March 2017.

(iii) 3-month FPE 30 June 2017 vs. 3-month FPE 30 June 2016

Our Group's revenue increased by approximately RM26.25 million from approximately RM125.41 million recorded in the 3-month FPE 30 June 2016 to approximately RM151.66 million in the 3-month FPE 30 June 2017. The increase in revenue was mainly contributed by higher revenue achieved by our Group's apparel and labelling divisions.

The administrative expenses of our Group increased by approximately RM2.89 million from approximately RM13.12 million in the 3-month FPE 30 June 2016 to approximately RM16.01 million in the 3-month FPE 30 June 2017. The increase in administrative expenses was mainly attributable to increase in staff cost in China, loss on foreign exchange in China and indirect tax payment in Cambodia (i.e., withholding tax, value added tax, fringe benefit tax and salary tax).

The selling and marketing expenses of our Group decreased by approximately RM1.08 million from approximately RM2.76 million in the 3-month FPE 30 June 2016 to approximately RM1.68 million in the 3-month FPE 30 June 2017. The decrease in selling and marketing expenses was mainly attributable to decrease in transportation charges due to less air freight used by our Group and decrease in commission to sales agents due to downward revision in commission rate.

Our Group registered an operating profit of approximately RM7.09 million in the 3-month FPE 30 June 2016 as opposed to an operating loss of approximately RM2.14 million in the 3-month FPE 30 June 2016 mainly due to higher revenue generated and lower selling and marketing expenses incurred in FYE 31 March 2017.

Continuing operations:

(a) Apparel division

The revenue from our Group's apparel division increased by approximately 13.97% or RM21.76 million from approximately RM155.80 million recorded in the 3-month FPE 30 June 2016 to approximately RM177.56 million in the 3-month FPE 30 June 2017. The increase in revenue was mainly due to the increase of sales received in China's manufacturing plant.

Our Group's apparel division registered an operating profit of approximately RM10.52 million in the 3-month FPE 30 June 2017 as opposed to an operating loss of approximately RM3.19 million in the 3-month FPE 30 June 2016 attributable to increase in the orders received in China.

(b) Labelling division

The revenue from our Group's labelling division increased by approximately 23.09% or RM2.75 million from approximately RM11.91 million recorded in the 3-month FPE 30 June 2016 to approximately RM14.66 million in the 3-month FPE 30 June 2017. The increase in revenue was mainly due to the increase of sales received in Malaysia's labeling business.

The operating profit from our Group's labelling division decreased by RM0.89 million from approximately RM0.85 million in the 3-month FPE 30 June 2016 to approximately operating loss of RM0.04 million in the 3-month FPE 30 June 2017 which was mainly due to the reversal of preceding year's provision for unrealised gain in Mega Labels & Stickers Sdn Bhd.

(c) Other division

The revenue from our Group's other division decreased by approximately 44.44% or RM2.40 million from approximately RM5.40 million recorded in the 3-month FPE 30 June 2016 to approximately RM3.00 million in the 3-month FPE 30 June 2017. The increase in revenue was mainly due to the decrease of sales orders from printing and embroidering business.

The operating profit of our Group's other division decreased by RM2.22 million from approximately RM0.07 million in the 3-month FPE 30 June 2016 to approximately operating loss of RM2.21 million in the 3-month FPE 30 June 2017 mainly due to the fall in orders received in Cambodia's printing and embroidery business.

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8. HISTORICAL PRICES OF PCCS SHARES

The monthly highest and lowest transacted market prices of PCCS Shares for the past 12 months preceding the date of this AP are as follows:

Month	Highest (RM)	Lowest (RM)
2016		
November	0.400	0.330
December	0.380	0.310
2017		
January	0.365	0.320
February	0.370	0.320
March	0.535	0.340
April	0.495	0.410
May	0.660	0.420
June	0.625	0.535
July	0.560	0.460
August	0.500	0.460
September	0.605	0.525
October	0.570	0.510

The last transacted market price of PCCS Shares on 4 May 2017 (being the last trading day immediately prior to the Announcement)	RM0.430
The last transacted market price of PCCS Shares on 13 November 2017 (being the LPD)	RM0.585
The last transacted market price of PCCS Shares on 27 November 2017 (being the last day on which PCCS Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants)	RM0.470

(Source: Bloomberg)

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Cheng & Co (AF 0886)

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Cheng & Co

The Firm of the future

Date: 13th November 2017

The Board of Directors
PCCS Group Berhad
Lot 1376, GM 127
Mukim Simpang Kanan
Jalan Kluang,
83000 Batu Pahat, Johor

Dear Sirs,

PCCS GROUP BERHAD AND ITS SUBSIDIARIES
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMACONSOLIDATEDSTATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position of PCCS Group Berhad ("PCCS" or the "Company") and its subsidiaries (collectively referred to as the "Group")as at 31 March 2017 together with the accompanying notes (which have been stamped by us for the purpose of identification) which have been compiled by the Board of Directors of PCCS ("Directors") for inclusion in the abridged prospectus to shareholders in relation to the renounceable rights issue of up to 150,030,005 new ordinary shares in PCCS ("PCCS Shares") ("Rights Shares") on the basis of five (5) Rights Shares for every two (2) existing PCCS Shares held, together with up to 90,018,003 free detachable warrants ("Warrants") on the basis of three (3) Warrants for every five (5) Rights Shares subscribed at an entitlement date to be determined later ("Rights Issue of Shares with Warrants"). The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position areas described in the accompanying Note 1 and Note 2.

The pro forma consolidated statements of financial position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Rights Issue of Shares with Warrants on the audited consolidated statements of financial position of the Group as at 31 March 2017, had the Rights Issue of Shares with Warrants been effected on that date.

The Directors' Responsibility for the Pro forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position as at 31 March 2017 on the basis as described in the accompanying Note 1 and Note 2.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated statements of financial position have been compiled by the Directors on the basis as described in the accompanying Note 1 and Note 2.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma consolidated statements of financial position on the basis as described in the accompanying Note 1 and Note 2.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled on the basis as described in the accompanying Note 1 and Note 2 involves performing procedures to assess whether the basis as described in the said accompanying notes used by the Directors in the compilation of pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the audited consolidated statements of financial position of the Group as at 31 March 2017.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the pro forma consolidated statements of financial position.

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

Opinion

In our opinion, the pro forma consolidated statements of financial position have been properly compiled, in all material respects, on the basis of applicable criteria as set out in the accompanying Note 1 and Note 2.

Other Matters

This letter has been prepared at your request for inclusion in the abridged prospectus to shareholders of PCCS in connection with the Rights Issue of Shares with Warrants. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully,

CHENG & CO
AF: 0886
Chartered Accountants

HONG THUAN BOON
2233/03/18(J)
Chartered Accountants

Johor Bahru,
13th November 2017

PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

The proforma consolidated statements of financial position of the Group as at 31 March 2017 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue of Shares with Warrants on the assumption that the transaction has been effected on 31 March 2017 and should be read in conjunction with the accompanying notes:

Minimum Scenario

	Note	Audited as at 31.3.2017 RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Assets				
Non-current assets				
Property, plant and equipment		68,756	68,756	68,756
Investment properties		10,981	10,981	10,981
Land use rights		3,141	3,141	3,141
Investment in associate		21	21	21
		82,899	82,899	82,899
Current assets				
Inventories		61,619	61,619	61,619
Trade and other receivables		121,444	121,444	121,444
Other current assets		6,773	6,773	6,773
Cash and bank balances	3	36,127	43,646	58,891
		225,963	233,482	248,727
Total assets		308,862	316,381	331,626
Equity and liabilities				
Current liabilities				
Loans and borrowings		97,167	97,167	97,167
Trade and other payables		108,247	108,247	108,247
Tax payable		11,137	11,137	11,137
		216,551	216,551	216,551
Net current assets		9,412	16,931	32,176
Non-current liabilities				
Loans and borrowings		3,250	3,250	3,250
Deferred tax liabilities		549	549	549
		3,799	3,799	3,799
Total liabilities		220,350	220,350	220,350
Net assets		88,512	96,031	111,276

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (CONT'D)

Minimum Scenario (Cont'd)

	Note	Audited as at 31.3.2017 RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Equity attributable to owners of the parent				
Share capital	4	60,012	66,323	83,726
Share premium	4	4	4	4
Warrant reserve	4	-	2,158	-
Foreign exchange reserve		6,430	6,430	6,430
Legal reserve fund		326	326	326
Retained earnings		19,741	18,791	18,791
Shareholders' equity		86,513	94,032	109,277
Non-controlling interests		1,999	1,999	1,999
Total equity		88,512	96,031	111,276
Total equity and liabilities		308,862	316,381	331,626
Number of ordinary shares ('000)		60,012	102,358	127,766
Net assets per share (RM)		1.44	0.92	0.86
Total borrowings (RM'000)		100,417	100,417	100,417
Gearing (times)		1.16	1.07	0.92

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

The proforma consolidated statements of financial position of the Group as at 31 March 2017 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue of Shares with Warrants on the assumption that the transaction has been effected on 31 March 2017 and should be read in conjunction with the accompanying notes:

Maximum Scenario

	Note	Audited as at 31.3.2017 RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Assets				
Non-current assets				
Property, plant and equipment		68,756	68,756	68,756
Investment properties		10,981	10,981	10,981
Land use rights		3,141	3,141	3,141
Investment in associate		21	21	21
		82,899	82,899	82,899
Current assets				
Inventories		61,619	61,619	61,619
Trade and other receivables		121,444	121,444	121,444
Other current assets		6,773	6,773	6,773
Cash and bank balances	3	36,127	65,183	119,194
		225,963	255,019	309,030
Total assets		308,862	337,918	391,929
Equity and liabilities				
Current liabilities				
Loans and borrowings		97,167	97,167	97,167
Trade and other payables		108,247	108,247	108,247
Tax payable		11,137	11,137	11,137
		216,551	216,551	216,551
Net current assets		9,412	38,468	92,479
Non-current liabilities				
Loans and borrowings		3,250	3,250	3,250
Deferred tax liabilities		549	549	549
		3,799	3,799	3,799
Total liabilities		220,350	220,350	220,350
Net assets		88,512	117,568	171,579

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (CONT'D)

Maximum Scenario (Cont'd)

	Note	Audited as at 31.3.2017 RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Equity attributable to owners of the parent				
Share capital	4	60,012	82,416	144,029
Share premium	4	4	4	4
Warrant reserve	4	-	7,602	-
Foreign exchange reserve		6,430	6,430	6,430
Legal reserve fund		326	326	326
Retained earnings		19,741	18,791	18,791
Shareholders' equity		86,513	115,569	169,580
Non-controlling interests		1,999	1,999	1,999
Total equity		88,512	117,568	171,579
Total equity and liabilities		308,862	337,918	391,929
Number of ordinary shares ('000)		60,012	210,042	300,060
Net assets per share (RM)		1.44	0.55	0.57
Total borrowings (RM'000)		100,417	100,417	100,417
Gearing (times)		1.16	0.87	0.59

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

1. BASIS OF PREPARATION

The pro forma consolidated statements of financial position have been prepared based on the audited consolidated statements of financial position of the Group as at 31 March 2017 and in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The pro forma consolidated statements of financial position have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 March 2017, had the adjustments described in Note 2 been effected on that date, and should be read in conjunction with the notes thereto.

The pro forma consolidated statements of financial position are presented in two (2) scenarios on the following assumptions:

Minimum Scenario: It is assumed that only CCS Capital Sdn. Bhd. subscribes for 42,346,310 Rights Shares pursuant to its undertaking with no other entitled shareholders subscribing for any Rights Shares.

Maximum Scenario: It is assumed that all the entitled shareholders and/or their renouncee(s) fully subscribe for their entitlements of the Rights Shares.

Fair Value of Warrants

Pursuant to the Rights Issue of Shares with Warrants, the fair value assigned to the Warrants under the Minimum Scenario and Maximum Scenario of RM0.1852 and RM0.1838 each respectively are determined using the Black-Scholes Option Pricing Model based on the following input computed as at 13 September 2017, being the latest practicable date ("LPD"):

(a) Exercise price	: RM0.60
(b) Theoretical ex-rights price	: RM0.3250
(c) Tenure	: 5 years from the date of issuance of the Warrants
(d) Volatility rate	: 84.188%
(e) Risk free interest rate	: 3.793%

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

Fair Value of Warrants (Cont'd)

	Minimum Scenario	Maximum Scenario
No. of Warrants	25,407,786	90,018,003
Warrant Reserve (RM'000)#	2,158	7,602

In arriving at the Warrant reserve, the fair value of the Rights Shares and Warrants were proportionately adjusted to the theoretical ex-rights price of PCCS Share of RM0.3250 on the basis of three (3) Warrants for every five (5) Rights Shares.

2. PRO FORMA ADJUSTMENTS

Pro Forma I

Pro Forma I incorporates the effects of the Rights Issue of Shares with Warrants.

The gross proceeds raised from the Rights Issue of Shares with Warrants will be utilised as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Expansion of labelling business	3,500	7,100
Working capital	4,019	21,956
Estimated expenses in relation to the Rights Issue of Shares with Warrants	950	950
	8,469	30,006

Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of full exercise of the Warrants at an exercise price of RM0.60 per Warrant.

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (CONT'D)

3. CASH AND BANK BALANCES

The movements in the cash and bank balances of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 March 2017	36,127	36,127
Proceeds from Rights Issue of Shares with Warrants	8,469	30,006
Estimated expenses in relation to the Rights Issue of Shares with Warrants	(950)	(950)
As per Pro Forma I	43,646	65,183
Full Exercise of Warrants	15,245	54,001
As per Pro Forma II	58,891	119,184

4. SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

The movements in the share capital, share premium and other reserves of the Group are as follows:

Minimum Scenario:

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Exhange Reserve RM'000	Legal Reserve Fund RM'000	Retained Earnings RM'000	Total RM'000
Audited as at 31 March 2017	60,012	4	-	6,430	326	19,741	86,513
Rights Issue of Shares with Warrants	6,311	-	2,158	-	-	-	8,469
Estimated expenses in relation to the Rights Issue of Shares with Warrants	-	-	-	-	-	(950)	(950)
As per Pro Forma I	66,323	4	2,158	6,430	326	18,791	94,032
Exercise of Warrants	17,403	-	(2,158)	-	-	-	15,245
As per Pro Forma II	83,726	4	-	6,430	326	18,791	109,277

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PCCS GROUP BERHAD AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 (CONT'D)

4. SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES (CONT'D)

The movements in the share capital, share premium and other reserves of the Group are as follows: (cont'd)

Maximum Scenario:

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Exhange Reserve RM'000	Legal Reserve Fund RM'000	Retained Earnings RM'000	Total RM'000
Audited as at 31 March 2017	60,012	4	-	6,430	326	19,741	86,513
Rights Issues of Shares with Warrants	22,404	-	7,602	-	-	-	30,006
Estimated expenses in relation to the Right Issues of Shares with Warrants	-	-	-	-	-	(950)	(950)
As per Pro Forma I	82,416	4	7,602	6,430	326	18,791	115,569
Exercise of Warrants	61,613	-	(7,602)	-	-	-	54,011
As per Pro Forma II	144,029	4	-	6,430	326	18,791	169,580

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON

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Ernst & Young (AF: 0039)
Chartered Accountants

PCCS Group Berhad
(280929-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 March 2017

PCCS Group Berhad
(Incorporated in Malaysia)

Contents **Pages**

PCCS Group Berhad
(Incorporated in Malaysia)

Directors' report

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

Principal activities

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

Results

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

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

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

Dividends

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

PCCS Group Berhad
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Directors

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

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

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 13 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM1 each			
	1.4.2016	**Bought**	**Sold**	**31.3.2017**
Direct interest -				
Chan Choo Sing	2,643,220	-	-	2,643,220

PCCS Group Berhad
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Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	1.4.2016	**Bought**	**Sold**	**31.3.2017**
Indirect interest -				
Chan Choo Sing	28,495,382	-	-	28,495,382
Chan Chow Tek	24,000,078	-	-	24,000,078
Dato' Chan Chor Ngiak	24,001,411	-	-	24,001,411
Chan Chor Ang	24,040,078	-	-	24,040,078

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

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

Other statutory information

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

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

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

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

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

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

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Other statutory information (continued)

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

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

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

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

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

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

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

Indemnities to directors, officers or auditors

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

Subsequent events

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

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Auditors and auditors' remuneration

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

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

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

Chan Choo Sing

Chan Chow Tek

PCCS Group Berhad
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Statement by directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Chan Choo Sing and Chan Chow Tek, being two of the directors of PCCS Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 15 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended.

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

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

Chan Choo Sing

Chan Chow Tek

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

I, Chan Choo Sing, being the director primarily responsible for the financial management of PCCS Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 15 to 105are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

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

Chan Choo Sing

Before me,

PESURUHJAYA SUMPAH
J 247
CHIANG EE CHIN
MALAYSIA

12-1, Jalan Megat, 83000
Batu Pahat, Johor.

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Independent auditors' report to the members of
PCCS Group Berhad
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of PCCS Group Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 106.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Independent auditors' report to the members of
PCCS Group Berhad (continued)
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Key audit matters

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

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

Key Risk	Our response
Impairment of investment in subsidiaries and related property, plant and equipment (Refer to Note 7.2(f), Note 16 and Note 19 to the financial statements) The gross values before impairment losses of the Company's investment in subsidiaries and the Group's property, plant and equipment as at 31 March 2017 were RM81 million and RM69 million respectively.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (i) Obtained an understanding of the relevant internal controls over estimating the recoverable amount. (ii) Obtained an understanding of the methodology adopted by management in estimating the recoverable amount and assessed whether such methodologies are consistent with those used in the industry.

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Independent auditors' report to the members of
PCCS Group Berhad (continued)
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Key audit matters (continued)

Key Risk	Our response
Impairment of investment in subsidiaries and related property, plant and equipment (continued)	
The continued losses reported by some subsidiaries of the Group indicated that the carrying amounts of the Company's investment in these subsidiaries and the Group's property, plant and equipment may be impaired. Accordingly, management performed an impairment test of the investment in these subsidiaries and related property, plant and equipment by estimating their recoverable amounts using value-in-use ("VIU"). Determining the VIU involves estimating the future cash inflows and outflows that will be derived from the operations of the subsidiary or CGU, and discounting them at an appropriate rate. The impairment review gave rise to impairment loss on investment in subsidiaries of the Company and property, plant and equipment of the Group of RM32 million and RM0.4 million respectively for the year ended 31 March 2017. We identified this as our area of audit focus due to the significance of the carrying amounts of investment in subsidiaries of the Company and property, plant and equipment of the Group, and the complexity of the review which is based on assumptions that are highly judgmental.	(iii) Evaluated the management's assumptions on revenue growth rate, gross profit margin and terminal growth rate by comparing to the historical trends and external available data. (iv) Assessed, with the involvement of our internal valuation specialists, whether the discount rate used reflects the return that investors would require if they were to choose a similar investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive. (v) Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

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Independent auditors' report to the members of
PCCS Group Berhad (continued)
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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.

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Independent auditors' report to the members of
PCCS Group Berhad (continued)
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Responsibilities of the directors for the financial statements (continued)

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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Independent auditors' report to the members of
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Auditors' responsibilities for the audit of the financial statements (continued)

- 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.

- 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.

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Independent auditors' report to the members of
PCCS Group Berhad (continued)
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Auditors' responsibilities for the audit of the financial statements (continued)

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

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

Other reporting responsibilities

The supplementary information set out in Note 41 on page 107 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.

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Independent auditors' report to the members of
PCCS Group Berhad (continued)
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Other matters

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

Ernst & Young	Lee Ah Too
AF 0039	2187/09/17(J)
Chartered Accountants	Chartered Accountant

Melaka, Malaysia
Date: 26 JUL 2017

PCCS Group Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 March 2017

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

PCCS Group Berhad
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Statements of comprehensive income
For the financial year ended 31 March 2017 (continued)

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

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

PCCS Group Berhad
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Statements of financial position
As at 31 March 2017

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

PCCS Group Berhad
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Statements of financial position
As at 31 March 2017 (continued)

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

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (*CONT'D*)

PCCS Group Berhad
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Statements of changes in equity
For the financial year ended 31 March 2017

		Attributable to owners of the parent							
			Non-distributable		Distributable	Non-distributable			
2017 Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Non-controlling Interests RM'000
Opening balance at 1 April 2016	97,144	96,913	60,012	4	28,977	7,920	7,594	326	231
Disposal of shares of subsidiaries	1,549	-	-	-	-	-	-	-	1,549
Total comprehensive (loss)/income	(10,181)	(10,400)	-	-	(9,236)	(1,164)	(1,164)	-	219
	(8,632)	(10,400)	-	-	(9,236)	(1,164)	(1,164)	-	1,768
Closing balance at 31 March 2017	88,512	86,513	60,012	4	19,741	6,756	6,430	326	1,999

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (*CONT'D*)

PCCS Group Berhad
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Statements of changes in equity
For the financial year ended 31 March 2017 (continued)

		Attributable to owners of the parent							
			Non-distributable		Distributable	Non-distributable			
2016 **Group**	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves, total RM'000	Foreign exchange reserve RM'000	Legal reserve fund RM'000	Non-controlling interests RM'000
Opening balance at 1 April 2015	106,307	105,652	60,012	4	39,232	6,404	6,078	326	655
Issuance of shares of subsidiary	1,852	-	-	-	-	-	-	-	1,852
Total comprehensive loss	(11,015)	(8,739)	-	-	(10,255)	1,516	1,516	-	(2,276)
Closing balance at 31 March 2016	97,144	96,913	60,012	4	28,977	7,920	7,594	326	231

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Statements of changes in equity
For the financial year ended 31 March 2017 (continued)

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

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

PCCS Group Berhad
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Statements of cash flows
For the financial year ended 31 March 2017

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

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Statements of cash flows
For the financial year ended 31 March 2017 (continued)

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

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

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Notes to the financial statements
For the financial year ended 31 March 2017

1. Corporate information

PCCS Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Lot 1376, GM127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor.

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

2. Basis of preparation

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

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

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

3. Basis of consolidation

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

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

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3. Basis of consolidation (continued)

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

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

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

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

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

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

4. Summary of significant accounting policies

4.1 Business combinations and goodwill

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

4. Summary of significant accounting policies (continued)

4.1 Business combinations and goodwill (continued)

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

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

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

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

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

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

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4. Summary of significant accounting policies (continued)

4.1 Business combinations and goodwill (continued)

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

4.2 Current versus non-current classification

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

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

4.3 Fair value measurement

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

	Note
Financial instruments (including those carried at amortised)	35

4. Summary of significant accounting policies (continued)

4.3 Fair value measurement (continued)

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies (continued)

4.3 Fair value measurement (continued)

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

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

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

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

4.4 Transactions with non-controlling interest

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

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

4.5 Foreign currencies

(a) Functional and presentation currency

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

4. Summary of significant accounting policies (continued)

4.5 Foreign currencies (continued)

(b) Transactions and balances

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

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

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

(c) Group companies

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

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

4.6 Revenue and other income recognition

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

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4. Summary of significant accounting policies (continued)

4.6 Revenue recognition (continued)

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

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

(a) Sale of goods

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

(b) Interest income

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

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Rental income

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

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4. Summary of significant accounting policies (continued)

4.7 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

4.8 Borrowing costs

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

4.9 Taxes

(a) Current income tax

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

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

4. Summary of significant accounting policies (continued)

4.9 Taxes (continued)

(b) Deferred tax

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

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

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

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

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

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

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

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

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4. Summary of significant accounting policies (continued)

4.9 Taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

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

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

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

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

4.10 Property, plant and equipment

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

4. Summary of significant accounting policies (continued)

4.10 Property, plant and equipment (continued)

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

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

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

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

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

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

4.11 Investment properties

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

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

4. Summary of significant accounting policies (continued)

4.11 Investment properties (continued)

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

4.12 Leases

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

(a) As lessee

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

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

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

(b) As lessor

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

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4. Summary of significant accounting policies (continued)

4.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

4.14 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

4.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

4.16 Impairment of non-financial assets

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4. Summary of significant accounting policies (continued)

4.16 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment calculation are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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4. Summary of significant accounting policies (continued)

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

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4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and an ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

The Group did not have any held-to-maturity investments during the years ended 31 March 2016 and 2017.

4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The ability and intention to sell its AFS financial assets in the near term are evaluated whether they are still appropriate. When, in rare circumstances, these financial assets cannot be traded due to inactive markets, these financial assets will be reclassified if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statements of financial position) when:

- The rights to receive cash flows from the asset have expired;

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4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Derecognition (continued)

- The rights to receive cash flows from the asset have been transferred or an obligation to pay the received cash flows in full without material delay to a third party has been assumed under a 'pass-through' arrangement; and either (a) substantially all the risks and rewards of the asset have been transferred or (b) substantially all the risks and rewards of the asset have neither been transferred nor retained but control of the asset has been transferred.

When the rights to receive cash flows from an asset have been transferred or when a pass-through arrangement has been entered into, the Group evaluates if, and the extent of, the risks and rewards of ownership that have been retained. When substantially all of the risks and rewards of the asset have not been transferred nor retained, the transferred asset continues to be recognised to the extent of the Group's continuing involvement. In that case, an associated liability is also recognised. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

At each reporting date, an assessment is made as to whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, an assessment is made as to whether impairment exists individually (for financial assets that are individually significant) or collectively (for financial assets that are not individually significant). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale ("AFS") investments

For AFS financial investments, an assessment is made at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Available-for-sale ("AFS") investments (continued)

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss) is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(c) Financial liabilities (continued)

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. No financial liabilities has been designated at fair value through profit or loss during the reporting period.

Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

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4. Summary of significant accounting policies (continued)

4.17 Financial instruments (continued)

(c) Financial liabilities (continued)

(iii) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iv) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Cash and short-term deposits

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, if any.

4. Summary of significant accounting policies (continued)

4.19 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When it is expected that some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

4.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs.

4.21 Cash dividend and non-cash distribution to equity holders of the Group

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

4.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

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4. Summary of significant accounting policies (continued)

4.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

4.24 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

5. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after the date stated below:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016

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5. Changes in accounting policies (continued)

Annual Improvements to MFRSs 2012 - 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs. The directors do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements, except as discussed below:

Standards	Descriptions
MFRS 7 Financial Instruments: Disclosures	The amendments clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required. In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.
MFRS 119 Employee Benefits	The amendments to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment is applied prospectively.
MFRS 134 Interim Financial Reporting	MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively and does not have a significant impact on the Group's and the Company's financial statements.

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5. Changes in accounting policies (continued)

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

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

These amendments are not expected to have any impact to the Group and the Company as the Group and the Company have not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

Amendments to MFRS 101: Disclosure initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

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5. Changes in accounting policies (continued)

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

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments do not have any impact on the Group's financial statements as the Group does not apply the consolidation exception.

6. New and amended standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company financial statements are discussed below. The Group and the Company intend to adopt these standards if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investments Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

6. New and amended standards issued but not yet effective (continued)

Amendments to MFRS 107: Disclosure Initiatives

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and the Company.

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The interpretation addresses which exchange rate to use in reporting foreign currency transaction that involve advance consideration paid or received. The interpretation is not expected to have a significant impact on the Group and the Company.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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6. New and amended standards issued but not yet effective (continued)

MFRS 15: Revenue from Contracts with Customers (continued)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The directors anticipate that the application of MFRS 15 will have no material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date.

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

6. New and amended standards issued but not yet effective (continued)

MFRS 16: Leases (continued)

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to assess the potential effect of MFRS 16 on its financial statements in year 2017.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

7. Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

7.1 Judgments made in applying accounting policies

In the process of applying the above accounting policies, management has made the following judgments, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements.

7. Significant accounting judgments, estimates and assumptions (continued)

7.1 Judgments made in applying accounting policies (continued)

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The Group owns buildings which are fully rented to earn rentals, such properties have been classified as investment properties in the financial statements. The Group has also sub-let portion of another building but has decided to classify the entire building as property, plant and equipment as this portion cannot be sold separately and significant portion of the building is held for use in the production or supply of goods or for administrative purposes.

7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Assumptions and estimates are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

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7. Significant accounting judgments, estimates and assumptions (continued)

7.2 Estimates and assumptions (continued)

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Fair value of investment properties

The Group carried out the impairment test of investment properties based on fair value of investment properties. The Group engaged independent valuation specialists to determine fair value as at 31 March 2017 based on the comparison method.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 22. If the financial conditions of the receivables of the Group were to deteriorate, additional provision may be required.

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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7. Significant accounting judgments, estimates and assumptions (continued)

7.2 Estimates and assumptions (continued)

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The amount of deferred tax assets recognised in respect of unutilised tax losses, capital allowances, reinvestment allowances, and allowance for increased exports and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 28.

(f) Impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

7. Significant accounting judgments, estimates and assumptions (continued)

7.2 Estimates and assumptions (continued)

(f) Impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, the depreciated replacement cost valuation model is used.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

During the financial year, the Company reversed impairment of cost of investment in PCCS Garments (Suzhou) Ltd. amounting to RM6,988,811.

Key Assumptions Used to Derive Recoverable Amount

The recoverable amount is determined based on value-in-use ("VIU") calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment test of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group:

7. Significant accounting judgments, estimates and assumptions (continued)

7.2 Estimates and assumptions (continued)

(f) Impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group (continued)

Key Assumptions Used to Derive Recoverable Amount (continued)

(i) Discount Rate

The discount rate used is based on the weighted average cost of capital of the subsidiaries.

(ii) Terminal Growth Rate

The terminal growth rate used is based on the subsidiaries expected long term inflation and economic growth rate.

The sensitivity of the impairment of cost of investment in subsidiaries of the Company and certain property, plant and equipment of the Group to changes in the key assumptions are as follow:

	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease in VIU by 13%	Increase in VIU by 16%
Terminal growth rate	1%	Increase in VIU by 13%	Decrease in VIU by 10%

8. Revenue

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sales of goods	484,353	431,686	-	-
Management fee	-	-	1,790	1,500
	484,353	431,686	1,790	1,500

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9. Other income

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	12	-	-
Gain on disposal of property, plant and equipment	2	270	-	-
Rental income	59	257	-	-
Reversal of allowance for impairment of investment in subsidiaries	-	-	6,989	4,529
Sales of stock lots	2	272	-	-
Sundry income	272	1,402	-	-
Realised foreign exchange gain	-	2,828	183	772
Unrealised foreign exchange gain	4,481	507	697	-
	4,816	5,548	7,869	5,301

10. Finance costs

	Group	
	2017	2016
	RM'000	RM'000
Interest expense on:		
- Bank loans and bank overdrafts	5,259	5,495
- Obligations under finance leases	99	51
Interest paid to director	55	-
Total finance costs	5,413	5,546

11. Profit/(loss) before tax from continuing operations

The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Statutory audit				
Company's auditors	201	197	43	32
Other auditors	66	70	-	-
Overprovision in prior year	-	(10)	-	-
- Other services				
Company's auditors	117	67	25	25
Bad debts written off	86	13	5,717	-

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11. Profit/(loss) before tax from continuing operations (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation and amortisation:				
- Property, plant and equipment (Note 16)	8,801	9,734	20	26
- Investment properties (Note 17)	253	261	-	-
- Land use rights (Note 18)	71	69	-	-
Employee benefits expense (Note 12)	109,306	111,804	774	887
Impairment loss/(reversal) on:				
- Trade and other receivables (Note 22)	21	(1,102)	-	2,178
- Property, plant and equipment (Note 16)	416	-	-	-
- Investment in subsidiaries	-	-	17,162	1,068
Write-down of inventories	1,052	170	-	-
Loss on disposal of subsidiary	-	-	457	-
Minimum operating lease payments:				
- Land and buildings	4,551	4,555	-	-
- Machinery	6	70	6	6
Non-executive directors' emoluments (Note 13)	281	250	246	246
Unrealised foreign exchange loss	-	-	-	688
Realised foreign exchange loss	577	-	-	-
Property, plant and equipment written off	1,747	511	2	-

12. Employee benefits expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors (Note 13)				
Executive directors of the Company	1,120	935	156	156
Executive directors of subsidiaries	835	819	-	-
	1,955	1,754	156	156
Other staff				
Wages, salaries and bonus	102,134	104,619	535	634
Defined contribution plans	3,440	3,506	67	78
Other related costs	1,777	1,925	16	19
	107,351	110,050	618	731
	109,306	111,804	774	887

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13. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors of the Company				
Executive:				
- Salaries and other emoluments	944	779	-	-
- Defined contribution plans	20	-	-	-
- Fees	156	156	156	156
	1,120	935	156	156
Non-Executive:				
- Fees	246	246	246	246
Directors of Subsidiaries				
Executive:				
- Salaries and other emoluments	835	819	-	-
Non-Executive:				
- Salaries and other emoluments	28	-	-	-
- Defined contribution plans	3	-	-	-
- Fees	4	4	-	-
	35	4	-	-
Total directors' remuneration	2,236	2,004	402	402
Analysis of directors' remuneration:				
Executive directors (Note 12)	1,955	1,754	156	156
Non-executive directors (Note 11)	281	250	246	246
Total directors' remuneration	2,236	2,004	402	402

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14. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	582	27	-	-
- Foreign tax	1,806	8	-	-
- Under/(over) provision in respect of prior years	176	(144)	-	-
	2,564	(109)	-	-
Deferred tax (Note 28):				
- Origination and reversal of temporary difference	430	901	-	-
- Under/(over) provision in respect of prior years	208	(578)	-	-
	638	323	-	-
Income tax expense recognised in profit or loss	3,202	214	-	-

Current income tax is calculated at the Malaysian corporate statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. The corporate statutory tax rate will be reduced to range of 20% to 24% from the current year's tax rate of 24% effective from Year of Assessment 2017 and 2018. The reduction in the income tax rate is based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment. The effect of the change in future tax rate to deferred tax of the Company is determined not to be significant.

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

The below reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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14. Income tax expense (continued)

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 are as follows:

	2017 RM'000	2016 RM'000
Group		
Accounting profit/(loss) before tax	4,534	(5,525)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	1,088	(1,326)
Different tax rates in other countries	1,496	627
Adjustments:		
Effect of income not subject to tax	(2,528)	(1,625)
Effect of expenses not deductible for tax purposes	(763)	1,118
Utilisation of previously unrecognised tax losses	(1,649)	(256)
Deferred tax assets recognised in respect of current year's unutilised reinvestment allowances	-	(43)
Deferred tax assets recognised on increased export allowance	-	607
Deferred tax assets not recognised in respect of unutilised capital allowances, reinvestment allowances and tax losses	5,174	1,834
Under/(over) provision of deferred tax in prior years	208	(578)
Under/(over) provision of tax expense in prior years	176	(144)
Income tax expense recognised in profit or loss	3,202	214
Company		
(Loss)/profit before tax	(19,519)	978
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(4,685)	235
Adjustments:		
Effect of income not subject to tax	(211)	(1,016)
Effect of expenses not deductible for tax purposes	3,594	760
Deferred tax assets not recognised on unutilised current year business loss	1,302	21
Income tax expense recognised in profit or loss	-	-

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15. Loss per share

(a) Basic loss per share

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic loss per share for the years ended 31 March:

	Group	
	2017	2016
	RM'000	RM'000
Loss net of tax attributable to equity holders of the Company:		
- Continuing operations	(1,992)	(5,371)
- Discontinued operations	(7,244)	(4,884)
	(9,236)	(10,255)
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue ('000)	60,012	60,012
Basic loss per share (sen):		
Loss from continuing operations	(3.3)	(8.9)
Loss from discontinued operations	(12.1)	(8.1)
Basic loss per share (sen)	(15.4)	(17.0)

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the Company does not have any potential dilutive ordinary shares.

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16. Property, plant and equipment

	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
Cost					
At 1 April 2015	41,169	127,526	50,145	7,548	226,388
Additions	1,927	4,536	1,439	608	8,510
Disposals	-	(9,513)	(105)	(545)	(10,163)
Written off	-	(3,182)	(3,926)	-	(7,108)
Exchange differences	200	3,114	764	130	4,208
At 31 March and 1 April 2016	43,296	122,481	48,317	7,741	221,835
Additions	-	5,728	1,065	524	7,317
Disposals	-	(13,640)	(833)	(1,412)	(15,885)
Written off	-	(34,947)	(14,425)	(642)	(50,014)
Reclassification	297	-	-	-	297
Exchange differences	1,165	8,463	3,090	426	13,144
At 31 March 2017	44,758	88,085	37,214	6,637	176,694
Accumulated depreciation and impairment losses					
At 1 April 2015	7,544	98,936	41,410	5,248	153,138
Depreciation charge for the year					
- Continuing operations (Note 11)	749	6,077	2,103	805	9,734
- Discontinued operation (Note 25)	-	742	169	25	936
	749	6,819	2,272	830	10,670
Disposals	-	(8,943)	(64)	(473)	(9,480)
Written off	-	(2,902)	(3,695)	-	(6,597)
Exchange differences	(7)	2,053	459	74	2,579
At 31 March and 1 April 2016	8,286	95,963	40,382	5,679	150,310

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16. Property, plant and equipment (continued)

	* Land and buildings RM'000	Plant and machinery, air-conditioners, factory equipment and electrical installation RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Depreciation charge for the year					
- Continuing operations (Note 11)	822	5,408	1,885	686	8,801
- Discontinued operation (Note 25)	-	269	74	12	355
	822	5,677	1,959	698	9,156
Disposals	-	(13,398)	(833)	(1,359)	(15,590)
Impairment charge for the year (Note 11)	-	416	-	-	416
Written off	-	(32,507)	(12,899)	(584)	(45,990)
Reclassification	113	-	-	-	113
Exchange differences	134	6,514	2,567	308	9,523
At 31 March 2017	9,355	62,665	31,176	4,742	107,938
Analyse as:					
Accumulated depreciation	9,355	62,249	31,176	4,742	107,522
Accumulated impairment loss	-	416	-	-	416
	9,355	62,665	31,176	4,742	107,938
Net carrying amount:					
At 31 March 2016	35,010	26,518	7,935	2,062	71,525
At 31 March 2017	35,403	25,420	6,038	1,895	68,756

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16. Property, plant and equipment (continued)

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Total RM'000
Cost				
At 1 April 2015	4,584	35,523	1,062	41,169
Additions	-	288	1,639	1,927
Reclassification	-	2,711	(2,711)	-
Exchange differences	-	190	10	200
At 31 March and 1 April 2016	4,584	38,712	-	43,296
Reclassification	-	297	-	297
Exchange differences	-	1,165	-	1,165
At 31 March 2017	4,584	40,174	-	44,758
Accumulated depreciation				
At 1 April 2015	-	7,544	-	7,544
Depreciation charge for the year	-	749	-	749
Exchange differences	-	(7)	-	(7)
At 31 March and 1 April 2016	-	8,286	-	8,286
Depreciation charge for the year	-	822	-	822
Reclassification	-	113	-	113
Exchange differences	-	134	-	134
At 31 March 2017	-	9,355	-	9,355
Net carrying amount				
At 31 March 2016	4,584	30,426	-	35,010
At 31 March 2017	4,584	30,819	-	35,403

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16. Property, plant and equipment (continued)

	Air-conditioners RM'000	Computer and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company				
Cost				
At 1 April 2015	41	73	47	161
Additions	-	8	-	8
At 31 March and 1 April 2016	41	81	47	169
Additions	-	4	-	4
Written off	-	(32)	-	(32)
At 31 March 2017	41	53	47	141
Accumulated depreciation				
At 1 April 2015	8	43	22	73
Depreciation charge for the year (Note 11)	5	13	8	26
At 31 March and 1 April 2016	13	56	30	99
Depreciation charge for the year (Note 11)	4	8	8	20
Written off	-	(30)	-	(30)
At 31 March 2017	17	34	38	89
Net carrying amount				
At 31 March 2016	28	25	17	70
At 31 March 2017	24	19	9	52

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16. Property, plant and equipment (continued)

(a) Net carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Plant and machinery	408	2,364
Motor vehicles	4,006	312
	4,414	2,676

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate costs of RM7,317,000 (2016: RM8,510,000) of which RM 3,344,000 (2016: RM1,051,000) were acquired by means of finance lease arrangements.

(c) The Group's certain land and buildings with net carrying amounts of RM5,146,000 (2016: RM5,346,000) are pledged to secure the Group's bank borrowings as disclosed in Note 26. Certain property, plant and equipment of the Group with net carrying amounts of RM16,017,000 (2016: RM18,635,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 26.

(d) During the financial year, an impairment loss of RM416,000 (2016: RM Nil) was recognised in profits or loss based on the recoverable amounts using value-in-use ("VIU"). The key assumptions used in determining the value in use are disclosed in Note 7.2(f).

17. Investment properties

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
At 1 April	11,893	11,886
Exchange differences	530	7
At 31 March	12,423	11,893
Accumulated depreciation		
At 1 April	1,139	882
Depreciation charge for the year (Note 11)	253	261
Exchange differences	50	(4)
At 31 March	1,442	1,139
Net carrying amount	10,981	10,754
Fair value of investment properties (Note 35)	16,175	13,982

Certain investment properties of the Group with net carrying amounts of RM710,000 (2016: RM721,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 26.

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18. Land use rights

	Group 2017 RM'000	Group 2016 RM'000
At 1 April	2,920	2,877
Amortised for the year (Note 11)	(71)	(69)
Exchange differences	292	112
At 31 March	3,141	2,920

Short-term leasehold land of the Group with net carrying amount of RM530,000 (2016:546,000) was subject to negative pledge in relation to banking facilities granted to the Group as described in Note 26. The land use rights have a remaining tenure ranging from 34 years to 45 years (2016: 35 years to 46 years).

19. Investment in subsidiaries

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	80,824	81,281
Less: Accumulated impairment losses	(31,651)	(21,478)
	49,173	59,803

(a) Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Subsidiaries of the Company				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	Manufacturing and sale of apparels	100	100
Beauty Electronic Embroidering Centre Sdn.	Malaysia	Temporarily ceased operations	100	100
Jusca Garments Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Keza Sdn. Bhd.*	Malaysia	Property holding	100	100

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19. Investment in subsidiaries (continued)

(a) Details of the subsidiaries are as follows (continued):

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	2016
Subsidiaries of the Company (continued)				
Mega Labels & Stickers Sdn. Bhd.	Malaysia	Temporarily ceased operations	100	100
Mega Label (Malaysia) Sdn. Bhd.	Malaysia	Printing and sale of labels and stickers	100	100
Shern Yee Garments Sdn. Bhd. *	Malaysia	Temporarily ceased operations	-	100
Thirty Three Trading Sdn. Bhd. *	Malaysia	Temporarily ceased operations	100	100
PCCS Garments Limited	Cambodia	Temporarily ceased operations	100	100
JIT Textiles Limited	Cambodia	Manufacturing of apparels and providing sub-contracting services	100	100
PCCS Garments (Suzhou) Ltd. *	The People's Republic of China	Manufacturing and sale of apparels	100	100
PCCS (Hong Kong) Limited *	Hong Kong	Trading of apparels	100	100
Beauty Apparels (Cambodia) Ltd. **	Cambodia	Temporarily ceased operations	100	100
Thirty Three (Hong Kong) Ltd.*	Hong Kong	Investment holding	100	100

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19. Investment in subsidiaries (continued)

(a) Details of the subsidiaries are as follows (continued):

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	2016
Subsidiaries of the Company (continued)				
Perfect Seamless Garments (Cambodia) Ltd.	Cambodia	Manufacturing of seamless bonding	51	51
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.				
JIT Embroidery Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	100	100
Subsidiary of Shern Yee Garments Sdn. Bhd.				
Global Apparels Limited	Cambodia	Manufacturing and sale of apparels	-	70
Subsidiary of Thirty Three Trading Sdn. Bhd.				
Beauty Silk Screen (M) Sdn. Bhd.*	Malaysia	Temporarily ceased operations	100	100
Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.				
Beauty Silk Screen Limited	Cambodia	Embroidering of logos, emblems and printing of silk screen products	100	100
Subsidiary of PCCS Garments (Suzhou) Ltd.				
PCCS Garments Wuhan Ltd. *	The People's Republic of China	Property holding	100	100

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19. Investment in subsidiaries (continued)

(a) Details of the subsidiaries are as follows (continued):

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	2016
Subsidiary of PCCS Garments (Suzhou) Ltd.				
Yuxing Apparel Suqian Limited. *	The People's Republic of China	Trading of apparels	100	-
Subsidiary of Thirty Three (Hong Kong) Ltd.				
Thirty Three (Shanghai) Ltd. *	The People's Republic of China	Trading of brand apparels and provide design service	100	100
Subsidiary of Mega Labels & Stickers Sdn. Bhd.				
Mega Labels & Stickers (Cambodia) Co., Ltd.	Cambodia	Printing and sale of labels and stickers and manufacturing of elastic bands and related products	100	100
Subsidiary of Keza Sdn. Bhd.				
Keza (Cambodia) Limited	Cambodia	Temporarily ceased operations	100	100

* Audited by firms other than Ernst & Young

** These companies are not audited. For consolidation purposes, the companies are consolidated based on management financial statements which are reviewed by Ernst & Young.

(b) Incorporation of subsidiaries

On 13 June 2016, the subsidiary of the Company, PCCS Garments (Suzhou) Limited, incorporated a wholly-owned subsidiary company in China under the name of Yuxing Apparel Suqian Limited ("YASL"), with a registered capital of RMB12 million.

(c) Impairment loss on investment in subsidiaries

During the financial year, an impairment loss of RM17,162,000 (2016: RM1,068,000) was recognised in profits or loss based on the recoverable amounts using value-in-use ("VIU"). The key assumptions used in determining the value in use are disclosed in Note 7.2(f).

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19. Investment in subsidiaries (continued)

(c) Impairment loss on investment in subsidiaries (continued):

Reversal of impairment loss on investment in a subsidiary, PCCS Garments (Suzhou) Ltd., of RM6,989,000 (2016: RM4,529,000) was made in current financial year as PCCS Garments (Suzhou) Ltd. is making profit.

20. Investment in associate

	Group	
	2017	**2016**
	RM'000	**RM'000**
Unquoted shares, at cost:		
- Outside Malaysia	21	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017	Proportion (%) of ownership interest 2016
Held through PCCS (Hong Kong) Limited				
Ample Apparels Limited **	Hong Kong	Trading of apparels	40	-

** This company is not audited. For consolidation purposes, the company is consolidated based on management financial statements which are reviewed by Ernst & Young.

The Group's interest in Ample Apparels Limited is accounted for using the equity method in the consolidated financial statements. The unaudited financial statements of Ample Apparels Limited for the year ended 31 March 2017 have been used in applying the equity method of accounting as allowed by Paragraph 34 of MFRS 128 Investments in Associates and Joint Ventures. The result of the associate is not material to the Group for the year ended 31 March 2017.

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21. Inventories

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
Raw materials	27,487	17,277
Work-in-progress	12,572	13,908
Finished goods	20,761	31,923
	60,820	63,108
Net realisable value		
Raw materials	359	1,361
Finished goods	440	332
	61,619	64,801

The amount of inventories recognised as an expense in cost of sales of the Group is RM411,140,000 (2016: RM381,355,000).

22. Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
Third parties	118,166	77,019	-	-
Less: Allowance for impairment	(5)	(48)	-	-
Trade receivables, net	118,161	76,971	-	-
Other receivables				
Due from subsidiaries	-	-	22,074	23,085
Refundable deposits	1,335	1,599	6	6
Sundry receivables	2,758	3,788	-	-
	4,093	5,387	22,080	23,091
Less: Allowance for impairment	(810)	(1,659)	(19,134)	(19,454)
	3,283	3,728	2,946	3,637
	121,444	80,699	2,946	3,637
Total trade and other receivables	121,444	80,699	2,946	3,637
Add: Cash and bank balances (Note 24)	36,127	38,034	5,760	5,761
Total loans and receivables	157,571	118,733	8,706	9,398

(a) Trade receivables

The Group's normal trade credit term ranges from 15 to 120 (2016: 15 to 120) days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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22. Trade and other receivables (continued)

(a) Trade receivables (continued)

Trade receivables of the Group amounting to RM95,000 (2016: RM949,000) are pledged to bank as securities for borrowings as disclosed in Note 26.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2017 RM'000	Group 2016 RM'000
Neither past due nor impaired	84,112	53,809
1 to 30 days past due not impaired	29,823	19,209
31 to 60 days past due not impaired	3,126	2,535
61 to 90 days past due not impaired	783	387
91 to 120 days past due not impaired	144	429
More than 121 days past due not impaired	173	602
	34,049	23,162
Impaired	5	48
	118,166	77,019

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM34,049,000 (2016: RM23,162,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

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22. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Trade receivable - nominal amounts	5	48
Less: Allowance for impairment	(5)	(48)
	-	-

Movement in allowance accounts:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 April	48	86
Charge for the year (Note 11)	5	19
Written off	(54)	(61)
Exchange difference	6	4
At 31 March	5	48

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party balances

Amounts due from subsidiaries are non-interest bearing, unsecured and repayable on demand.

(c) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 April	1,659	1,632	19,454	17,276
Charge for the year (Note 11)	16	-	-	2,178
Written off	(935)	-	(320)	-
Exchange difference	70	27	-	-
At 31 March	810	1,659	19,134	19,454

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23. Other current assets

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepaid operating expenses	3,506	4,910	28	27
Value added tax recoverable	3,267	4,855	-	-
	6,773	9,765	28	27

24. Cash and bank balances

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	33,348	35,389	3,487	3,562
Deposits with banks	2,779	2,645	2,273	2,199
Cash and bank balances	36,127	38,034	5,760	5,761
Bank overdrafts (Note 26)	(1,286)	(741)	-	-
Less: Deposit pledged with bank	-	(441)	-	-
Cash and cash equivalents	34,841	36,852	5,760	5,761

Deposits with banks of the Group amounting to RM Nil (2016: RM441,000) are pledged to bank for credit facility granted to the Group as disclosed in Note 26.

Deposit with a licensed bank amounting to RM5,000 (2016: RM5,000) is held in trust by a director.

Bank balances of the Group amounting to RM9,000 (2016: RM9,000) are held in trust by managerial staff of the Group.

The weighted average effective interest rates and average maturities of deposits at the reporting date were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Weighted average effective interest rates (%)	3.12	2.82	3.20	3.30
Average maturities (days)	31	57	31	31

25. Discontinued operations

On 14 December 2016, the Company disposed of its subsidiaries, Shern Yee Garments Sdn. Bhd. ("SY") and Global Apparels Limited ("GAL") for a consideration of RM1. The assets and liabilities of SY and GAL have been de-consolidated and the results from these subsidiaries are presented separately on the statements of comprehensive income as discontinued operations.

The results of the disposal companies are disclosed under discontinued operations in the current financial year and the comparative results have been restated accordingly.

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25. Discontinued operations (continued)

Statements of comprehensive income disclosures

The results of the disposal companies for the years ended 31 March are as follows:

	Note	Group 2017 RM'000	Group 2016 RM'000
Revenue	25(a)	27,776	101,185
Cost of sales		(28,014)	(90,981)
Gross (loss)/profit		(238)	10,204
Other income	25(b)	219	(50)
Administrative expenses		(6,776)	(10,262)
Selling and distribution expenses		(1,470)	(6,530)
Loss from operations		(8,265)	(6,638)
Finance costs	25(c)	(333)	(339)
Loss before tax from discontinued operations	25(d)	(8,598)	(6,977)
Income tax expenses	25(g)	(1,751)	-
Loss from discontinued operations, net of tax		(10,349)	(6,977)

(a) Revenue

	Group 2017 RM'000	Group 2016 RM'000
Sales of goods	27,776	101,185

(b) Other income

	Group 2017 RM'000	Group 2016 RM'000
Gain on disposal of property, plant and equipment	-	12
Sales of stock lots	7	89
Sundry income	212	31
Realised foreign exchange gain	-	(135)
Unrealised foreign exchange gain	-	(47)
	219	(50)

(c) Finance costs

	Group 2017 RM'000	Group 2016 RM'000
Interest expense on:		
- bank loans and bank overdrafts	333	339

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25. Discontinued operation (continued)

(d) Loss before tax from discontinued operations

The following items have been included in arriving at loss before tax:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Auditors' remuneration		
- Statutory audit		
Company's auditors	22	20
Other auditors	-	1
- Other services		
Company's auditors	-	9
Employee benefits expense (Note 25(e))	8,595	38,912
Depreciation of property, plant and equipment (Note 16)	355	936
Impairment loss/(reversal) on:		
- Trade and other receivables (Note 22)	-	1,121
Loss on foreign exchange		
- Unrealised	117	-
Loss on disposal of property, plant and equipment	-	-
Minimum operating lease payments:		
- Land and buildings	681	1,145
Property, plant and equipment written off	2,277	-

(e) Employee benefits expense

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Executive directors (Note 25(f))		
Executive directors of the Company	375	617

	Group	
	2017	**2016**
	RM'000	**RM'000**
Other staff		
Wages and salaries	7,931	37,344
Defined contribution plans	-	104
Other related costs	289	847
	8,220	38,295
	8,595	38,912

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25. Discontinued operation (continued)

(f) Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Directors of the Company		
Executive (Note 25(e)):		
- Salaries and other emoluments	375	617

(g) Income tax expenses

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Loss before tax	(8,598)	(6,977)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(2,064)	(1,674)
Different tax rates in other countries	(262)	279
Adjustments:		
Effect of expenses not deductible for tax purposes	575	1,395
Income tax expense recognised in profit or loss	(1,751)	-

Statements of cash flows disclosures

The cash flows attributable to the disposal companies are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Operating activities	(1,467)	(9,043)
Investing activities	2,424	(462)
Financing activities	(2,936)	9,185
Net cash outflows from discontinued operations	(1,979)	(320)

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25. Discontinued operation (continued)

Effects of disposal on financial position

	Group 2017 RM'000	Company 2017 RM'000
Investment in subsidiaries	-	457
Trade and other receivables	5,380	-
Cash and bank balances	99	-
Trade and other payables	(2,435)	-
Current tax payable	(3,044)	-
Net assets disposed	-	457
Total disposal proceeds	- *	- *
Loss on disposal	-	457
Disposal proceeds settled by:		
Cash	- *	- *
Cash inflow arising on disposals:		
Cash consideration	- *	- *
Cash and cash equivalents of subsidiaries disposed	(99)	-
Net cash outflows on disposal	(99)	-

*The Group disposed the subsidiaries for a total consideration of RM1.00.

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26. Loans and borrowings

	Maturity	Group 2017 RM'000	Group 2016 RM'000
Current			
Unsecured:			
Bank overdrafts (Note 24)	On demand	1,286	741
Revolving credit at 6.08% (2016: 6.23%) p.a.	2018	23,975	25,358
Bankers' acceptances at 4.16% (2016: 4.85%) p.a.	2018	3,006	2,841
Trade loan at 3.21% (2016: 2.33%) p.a.	2018	10,289	6,597
Trust receipts at 5.23% (2016: 5.17%) p.a.	2018	35,648	26,167
Export bill financing at Nil % (2016: 2.26%) p.a.	2018	-	4,808
Bank loans:			
- 2.59% p.a. fixed rate RM loan	2018	-	150
- RM loan at COF + 2.0% p.a.	2018	-	83
- RM loan at fixed profit rate of 5% p.a.	2018	276	262
- USD loan at COF + 2.0% p.a.	2018	-	1,294
		74,480	68,301
Secured:			
Bank loan - HKD loan at COF + 3% p.a.	2018	-	862
Obligations under finance lease (Note 33 (b))	2018	1,131	479
Trade loan at 3.21% (2015: 2.33%) p.a.	2018	21,556	20,309
		22,687	21,650
		97,167	89,951
Non-current			
Unsecured:			
Bank loans:			
- RM loan at fixed profit rate of 5% p.a.	2019 - 2020	514	792
		514	792
Secured:			
Bank loan - HKD loan at COF + 3% p.a.	2018	-	431
Obligations under finance lease (Note 33 (b))	2018 - 2021	2,736	803
		3,250	2,026
Total loans and borrowings		100,417	91,977

26. Loans and borrowings (continued)

The remaining maturities of the loans and borrowings at reporting date are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
On demand or within one year	97,167	89,951
More than 1 year and less than 2 years	1,316	1,138
More than 2 years and less than 5 years	1,934	888
	100,417	91,977

<u>Obligations under finance leases</u>
Those obligations are secured by a charge over the leased assets (Note 16). These obligations bore interest at the reporting date of between 2.58% to 3.45% (2016: 2.58% to 3.17%) per annum.

<u>Bank overdrafts</u>
Bank overdrafts denominated in RM, bear interest at BLR + 1.00% p.a. to BLR + 1.5% p.a. (2016: range from BLR + 1.00% p.a. to BLR + 1.5% p.a.).

Bank overdrafts denominated in HKD, bear interest at Nil (2016: Bank's best lending rate + 1.75% p.a.).

Bank overdrafts denominated in USD, bear interest at COF + 1.75% p.a. (2016: COF + 1.75% p.a.).

The unsecured loans and borrowings of the Group are guaranteed by the Company and with negative pledges over certain assets of the Group as disclosed in Note 16, Note 17 and Note 18.

The secured loans and borrowings are secured by certain assets of the Group as disclosed in Note 16, Note 17, Note 18, Note 22 and Note 24.

* BLR : Base lending rate is 6.85% p.a. (2016: 6.85% p.a.)
COF : Cost of fund ranged Nil (2016: 0.33% p.a. to 6.15% p.a.)

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27. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	67,922	45,842	-	-
Other payables				
Due to subsidiaries	-	-	8,445	4,617
Sundry payables and accruals	40,325	38,224	8,458	4,072
	40,325	38,224	16,903	8,689
Total trade and other payables	108,247	84,066	16,903	8,689
Add: Loans and borrowings (Note 26)	100,417	91,977	-	-
Total financial liabilities carried at amortised cost	208,664	176,043	16,903	8,689

(a) Trade payables

Trade payables are non-interest bearing and the normal trade terms granted to the Group ranges from 30 to 90 (2016: 30 to 90) days.

(b) Other payables

Other payables are non-interest bearing and the normal trade terms granted to the Group and the Company ranges from 30 to 90 (2016: 30 to 90) days.

(c) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and are repayable on demand.

28. Deferred taxation

	Group	
	2017	2016
	RM'000	RM'000
At 1 April	(89)	(412)
Recognised in profit or loss (Note 14)	638	323
At 31 March	549	(89)

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28. Deferred taxation (continued)

Presented after appropriate offsetting as follows:

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax assets	(2,512)	(2,002)
Deferred tax liabilities	3,061	1,913
	549	(89)

The components and movements of deferred tax (assets)/liabilities during the financial year are as follows:

	Unutilised reinvestment allowances, allowance for increased exports, tax losses and unabsorbed capital allowances RM'000	Others RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 April 2015	(2,986)	153	2,421	(412)
Recognised in profit or loss	1,192	(361)	(508)	323
At 31 March 2016	(1,794)	(208)	1,913	(89)
Recognised in profit or loss	8	(518)	1,148	638
At 31 March 2017	(1,786)	(726)	3,061	549

Deferred tax assets have not been recognised in respect of the following items:

	Group 2017 RM'000	Group 2016 RM'000
Unutilised tax losses	7,991	12,483
Unutilised reinvestment allowances	1,525	1,525
Unabsorbed capital allowances	2,105	2,711
Unutilised allowance for increased exports	7,971	7,971

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29. Share capital

	Number of ordinary shares		Amount	
	2017	2016	2017	2016
	'000	'000	RM'000	RM'000
Authorised:				
1 April 2015/2016; 31 March 2016/2017	100,000	100,000	100,000	100,000
Issued and fully paid:				
1 April 2015/2016; 31 March 2016/2017	60,012	60,012	60,012	60,012

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

30. Other reserves

(a) Share premium

This reserve comprise the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Legal reserve fund

This represents a general reserve provided for in respect of subsidiaries incorporated in Cambodia.

Under the Company Statute of subsidiaries in Cambodia, 5% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 10% of the paid up capital.

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31. Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single tier system.

32. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

Subsidiaries:

- Perusahaan Chan Choo Sing Sdn. Bhd. ("PCCSSB")
- Mega Label (Malaysia) Sdn. Bhd. ("MEGAM")
- Beauty Silk Screen Limited. ("BSSL")
- JIT Textiles Limited ("JTL")
- PCCS (Hong Kong) Limited ("PHKL")

	Company	
	2017	**2016**
	RM'000	**RM'000**
Transactions with subsidiaries:		
Management fees received from:		
- PCCSSB	600	600
- MEGAM	750	600
- BSSL	160	100
- JTL	160	200
- PHKL	120	-

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors is disclosed in Note 13.

33. Commitments

(a) Operating lease commitments - as lessee

The Group has entered into a non-cancellable operating lease agreement for the use of land and buildings. The lease is for a period of 2 to 5 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

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33. Commitments (continued)

(a) Operating lease commitments - as lessee (continued)

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Future minimum rentals payables:		
Not later than 1 year	3,757	3,541
Later than 1 year and not later than 2 years	3,226	1,277
Later than 2 years and not later than 5 years	7,309	710
Later than 5 years	8,158	-
	22,450	5,528

(b) Finance lease commitments

	Group	
	2017	**2016**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	1,288	536
Later than 1 year and not later than 2 years	1,144	482
Later than 2 years and not later than 5 years	2,001	419
	4,433	1,437
Less: Amounts representing finance charges	(566)	(155)
Present value of minimum lease payments	3,867	1,282
Present value of payments:		
Not later than 1 year	1,131	479
Later than 1 year and not later than 2 years	1,001	431
Later than 2 years and not later than 5 years	1,735	372
	3,867	1,282
Analysed as:		
Due within 12 months (Note 26)	1,131	479
Due after 12 months (Note 26)	2,736	803
	3,867	1,282

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34. Offsetting of financial instruments

The following table presents the recognised financial instruments that are subject to enforceable master netting arrangements and similar agreements but not offset and the impact on the Group's statement of financial position if all set-off rights were exercised.

	← Amounts not offset		→
	Gross assets 2017 RM'000	Financial instruments 2017 RM'000	Net 2017 RM'000
Group			
Financial assets			
As at 31 March 2017			
Restricted cash	-	-	-
Trade receivables	118,161	(95)	118,066
	118,161	(95)	118,066
As at 31 March 2016			
Restricted cash	441	(441)	-
Trade receivables	76,971	(949)	76,022
	77,412	(1,390)	76,022

	← Amounts not offset			→
	Gross liabilities 2017 RM'000	Financial instruments 2017 RM'000	Cash collateral pledged 2017 RM'000	Net 2017 RM'000
Financial liabilities				
As at 31 March 2017				
Loans and borrowings	100,417	(95)	-	100,322
As at 31 March 2016				
Loans and borrowings	91,977	(949)	(441)	90,587

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35. Fair value of financial instruments

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	22
Trade and other payables (current)	27
Loans and borrowings (current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

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35. Fair value of financial instruments (continued)

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

	Total RM'000	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group				
As at 31 March 2017				
Assets for which fair values are disclosed:				
Investment properties (Note 17)	16,175	-	-	16,175
As at 31 March 2016				
Assets for which fair values are disclosed:				
Investment properties (Note 17)	13,982	-	-	13,982

For investment properties under Level 3, the Company used the fair value which has been determined based on valuation performed during the year. The valuation techniques is based on open market value basis.

During the reporting period ended 31 March 2017 and 2016, there were no transfers between the various fair value measurements.

36. Financial risk management objectives and policies

The Group is exposed to market risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

36. Financial risk management objectives and policies (continued)

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, with positive fair values.

- A nominal amount of RM95,792,000 (2016: RM94,729,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

36. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from exposure three (2016: two) trade receivables who accounted for 73% (2016: 72%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with these customers and the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

At the reporting date, the Company has significant concentration of credit risk that may arise from exposures to amounts due from its subsidiaries which account for 100% (2016: 100%) of the gross receivables of the Company. The directors believe that this does not create significant impact for the Company in view of the fact that the directors have direct participation and influential power in the management of these counterparties.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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36. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2017 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	108,247	-	108,247
Loans and borrowings	97,324	3,659	100,983
Total undiscounted financial liabilities	205,571	3,659	209,230
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	16,903	-	16,903
Total undiscounted financial liabilities	16,903	-	16,903

	2016 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	84,066	-	84,066
Loans and borrowings	90,041	2,202	92,243
Total undiscounted financial liabilities	174,107	2,202	176,309

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36. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	2016 RM'000		
	On demand or within one year	One to five years	Total
Company			
Financial liabilities:			
Trade and other payables, excluding financial guarantees *	8,689	-	8,689
Total undiscounted financial liabilities	8,689	-	8,689

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as default has not occurred. Accordingly, financial guarantees under the scope of MFRS 139 are not included in the above maturity profile analysis.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

<u>Sensitivity analysis for interest rate risk</u>

Based on the utilisation of floating rate loans and borrowings throughout the reporting period, if interest rates had been 10 basis point lower/higher, will all other variables held constant, the Group's loss before tax would have been RM100,000 (2016: RM109,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

36. Financial risk management objectives and policies (continued)

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group. The currencies giving rise to this risk are primarily Ringgit Malaysia and United States Dollars ("USD"). Such transactions are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
	Ringgit Malaysia RM'000	United States Dollars RM'000	Total RM'000
Functional currency of the Group			
Group			
At 31 March 2017			
Ringgit Malaysia	-	2,711	2,711
Chinese Renminbi	-	9,317	9,317
United States Dollars	41	-	41
Hong Kong Dollars	-	(10,490)	(10,490)
	41	1,538	1,579
At 31 March 2016			
Ringgit Malaysia	-	10,725	10,725
Chinese Renminbi	-	5,780	5,780
United States Dollars	(90)	-	(90)
Hong Kong Dollars	-	(20,802)	(20,802)
	(90)	(4,297)	(4,387)

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36. Financial risk management objectives and policies (continued)

(e) Foreign currency risk (continued)

	United States Dollars RM'000	Chinese Renminbi RM'000	Total RM'000
Functional currency of Company			
Company			
At 31 March 2017			
Ringgit Malaysia	4,669	6,786	11,456
At 31 March 2016			
Ringgit Malaysia	2,079	1,137	3,216

Sensitivity analysis for foreign currency risk

The following table illustrates the hypothetical sensitivity of the Group's loss before tax to a reasonably possible change in the USD and RMB exchange rate at the reporting date against the functional currency of the Group entities, with all other variables held constant.

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
	Profit before tax		Profit before tax	
USD/RM				
- strengthened 5% (2016: 5%)	131	620	143	138
- weakened 5% (2016: 5%)	(131)	(620)	(143)	(138)
USD/RMB				
- strengthened 5% (2016: 5%)	460	289	-	-
- weakened 5% (2016: 5%)	(460)	(289)	-	-
USD/HKD				
- strengthened 5% (2016: 5%)	(537)	(1,040)	-	-
- weakened 5% (2016: 5%)	537	1,040	-	-
RM/USD				
- strengthened 5% (2016: 5%)	(2)	(5)	-	-
- weakened 5% (2016: 5%)	2	5	-	-
RMB/RM				
- strengthened 5% (2016: 5%)	-	1	-	1
- weakened 5% (2016: 5%)	-	(1)	-	(1)
SGD/RM				
- strengthened 5% (2016: 5%)	6	7	-	-
- weakened 5% (2016: 5%)	(6)	(7)	-	-

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37. Capital management

The main objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances.

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans and borrowings	26	100,417	91,977	-	-
Trade and other payables	27	108,247	84,066	16,903	8,689
Less: - Cash and bank balances	24	(36,127)	(38,034)	(5,760)	(5,761)
Net debt		172,537	138,009	11,143	2,928
Equity attributable to owners of the Company		86,513	96,913	41,135	60,654
Capital and net debt		259,050	234,922	52,278	63,582
Gearing ratio		67%	59%	21%	5%

38. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Apparel - manufacturing and marketing of apparels.
(ii) Labelling - printing of labels and stickers.
(iii) Others - investment holding and provision for management services, manufacturing of seamless bonding embroidering of logos and emblems, printing and marketing of silk screen printing products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal ordinary course of business and have been established on negotiated and mutually agreed basis.

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38. Segmental information (continued)

	Continuing Operations			Discontinued Operation	Adjustments and		Per consolidated financial
	Apparel RM'000	Labelling RM'000	Others RM'000	Apparel RM'000	elimination RM'000	Notes	statements RM'000
31 March 2017							
Revenue:							
External sales	418,029	48,688	17,636	-	-		484,353
Inter-segment sales	155,237	4,615	12,973	27,776	(200,601)	A	-
Total revenue	573,266	53,303	30,609	27,776	(200,601)		484,353
Results:							
Interest income	1,361	204	79	-	(1,451)		193
Finance cost	6,078	568	1	333	(1,567)		5,413
Depreciation and amortisation:							
- Property, plant and equipment	4,761	3,271	947	355	(178)		9,156
- Investment properties	248	-	3	-	2		253
- Land use rights	22	-	49	-	-		71
Segment profit/(loss)	4,966	3,687	(35,832)	(8,265)	45,391	B	9,947
Assets:							
Additions to non-current assets	2,340	7,382	3,517	250	(6,172)	C	7,317
Segment assets	260,422	87,515	98,120	5,479	(142,674)	D	308,862
Segment liabilities	256,684	49,569	44,392	5,479	(135,774)	E	220,350

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38. Segmental information (continued)

	Continuing Operations			Discontinued Operation	Adjustments and	Notes	Per consolidated financial
	Apparel RM'000	Labelling RM'000	Others RM'000	Apparel RM'000	elimination RM'000		statements RM'000
31 March 2016							
Revenue:							
External sales	473,457	42,503	11,325	5,586	(5,586)		527,285
Inter-segment sales	117,128	7,155	17,966	95,599	(333,447)	A	(95,599)
Total revenue	590,585	49,658	29,291	101,185	(339,033)		431,686
Results:							
Interest income	1,176	-	86	-	(1,158)		104
Finance cost	5,051	475	20	339	(339)		5,546
Depreciation and amortisation:							
- Property, plant and equipment	5,809	2,912	1,118	936	(105)		10,670
- Investment properties	256	30	3	-	(28)		261
- Land use rights	22	47	-	-	-		69
Segment (loss)/profit	(6,127)	6,701	(1,299)	(6,638)	7,384	B	21
Assets:							
Additions to non-current assets	2,156	7,243	1,730	637	(3,256)	C	8,510
Segment assets	246,791	76,342	138,299	19,462	(202,307)	D	278,587
Segment liabilities	225,104	40,367	47,153	23,893	(155,074)	E	181,443

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38. Segmental information (continued)

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit/loss to arrive at "profit/l(loss) before tax" presented in the consolidated statement of comprehensive income.

	2017 RM'000	2016 RM'000
Impairment loss on investment in subsidiaries	18,317	1,573
Impairment loss on trade and other receivables	30,125	5,434
Reversal of allowance for impairment of investment in subsidiaries	(6,989)	(6,441)
Reversal of impairment loss on trade and other receivables	(3,178)	-
Segment results of discontinued operation	8,265	-
Profit from inter-segment sales	(1,149)	6,818
	45,391	7,384

C Inter-segment addition to non-current assets are deducted from addition to non-current assets.

Additions to non-current assets consist of:

	2017 RM'000	2016 RM'000
Property, plant and equipment	7,317	8,510

D Inter-segment assets are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

E Inter-segment liabilities are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

38. Segmental information (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		*Non-current assets*	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	111,978	85,766	33,982	32,612
Cambodia	70,535	75,538	24,050	27,416
The People's Republic of China	240,871	184,137	24,737	25,125
Hong Kong	60,969	86,245	130	135
	484,353	431,686	82,899	85,288

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2017	**2016**
	RM'000	**RM'000**
Property, plant and equipment	68,756	71,525
Investment properties	10,981	10,754
Land use rights	3,141	2,920
Investment in associates	21	-
Deferred tax assets	-	89
	82,899	85,288

Information about a major customer

Revenue from one major customer amounted to RM146,210,000 (2016: RM183,586,000), arising from sales by the apparel segment.

39. Subsequent events

On 5 May 2017, the Company proposed renounceable rights issue of up to 150,030,005 new ordinary shares in PCCS ("PCCS Shares") ("Rights Shares") on the basis of 5 Rights Shares for every 2 existing PCCS Shares held, together with up to 90,018,003 free detachables warrants ("Warrants") on the basis of 3 Warrants for every 5 Rights Shares subscribed at an entitlement date to be determined later.

On 21 June 2017, PCCS (Hong Kong) Limited ("PHKL"), a wholly owned subsidiary of the Company, acquired additional 20% equity interest in Ample Apparels Limited ("AAL") for a total cash consideration of HKD20,000 and as a result from the aforesaid acquisition, AAL becomes a 60% subsidiary of the PHKL. The principal activity of AAL is trading of apparels.

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40. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 26 July 2017.

41. Supplementary information - Breakdown of realised and unrealised retained earnings

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2017 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained earnings of the PCCS Group Berhad and its subsidiaries:				
- Realised	(39,242)	5,032	(18,184)	(50)
- Unrealised	(5,031)	(460)	(697)	688
	(44,273)	4,572	(18,881)	638
Less: Consolidated adjustment	64,014	24,405	-	-
Total Group's retained earnings as per consolidated accounts	19,741	28,977	(18,881)	638

SIGHTED ORIGINAL DOCUMENT

CHENG CHIA PING
SECRETARY
MAICSA 1032514

PCCS Group Berhad
Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Revenue	151,657	125,406	151,657	125,406
Cost of sales	(128,554)	(112,236)	(128,554)	(112,236)
Gross Profit	23,103	13,170	23,103	13,170
Other Income	1,633	539	1,633	539
Interest Income	36	24	36	24
Administrative expenses	(16,008)	(13,117)	(16,008)	(13,117)
Selling and marketing expenses	(1,677)	(2,755)	(1,677)	(2,755)
Finance costs	(1,470)	(1,410)	(1,470)	(1,410)
Profit/(Loss) before tax	5,617	(3,549)	5,617	(3,549)
Income tax expense	(1,875)	(429)	(1,875)	(429)
Profit/(Loss) for the period	3,742	(3,978)	3,742	(3,978)
Attributable to:				
Equity holders of the parent	3,718	(3,104)	3,718	(3,104)
Non-controlling interest	24	(874)	24	(874)
	3,742	(3,978)	3,742	(3,978)
Earnings per share attributable to equity holders of the parent (sen):				
Basic	6.24	(6.63)	6.24	(6.63)
Diluted	Not applicable		Not applicable	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Profit/(loss) for the period	3,742	(3,978)	3,742	(3,978)
Other comprehensive profit/(loss) net of tax				
Foreign currency translation	562	(151)	562	(151)
Total comprehensive profit/(loss) for the period	4,304	(4,129)	4,304	(4,129)
Total comprehensive profit/(loss) attributable to:				
Owners of the Parent	4,334	(3,263)	4,334	(3,263)
Non-controlling interest	(30)	(866)	(30)	(866)
	4,304	(4,129)	4,304	(4,129)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017 (UNAUDITED)

	30.06.2017 RM'000 (Unaudited)	31.03.2017 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	66,470	68,756
Investment Properties	10,685	10,981
Prepaid lease payments	2,929	3,141
Investment in associate	-	21
	80,084	82,899
Current assets		
Inventories	53,723	61,619
Trade receivables	115,188	118,161
Other receivables	4,910	3,283
Other current assets	6,813	6,773
Cash and bank balances	41,398	36,127
	222,032	225,963
TOTAL ASSETS	302,116	308,862
EQUITY AND LIABILITIES		
Equity attributable to equity owners of the parent		
Share capital	60,012	60,012
Share premium	4	4
Other reserves	7,372	6,756
Retained earnings	23,459	19,741
	90,847	86,513
Non-controlling interest	1,969	1,999
Total Equity	92,816	88,512
Non-Current liabilities		
Borrowings	2,925	3,250
Deferred tax liabilites	557	549
	3,482	3,799
Current liabilities		
Borrowings	84,711	97,167
Trade payables	67,538	67,922
Other payables	38,903	40,325
Tax payables	14,666	11,137
	205,818	216,551
Total liabilities	209,300	220,350
TOTAL EQUITY AND LIABILITIES	302,116	308,862
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.5138	1.4416

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	<---- Attributable to Equity Holders of the parent					---->		
	Non-distributable				Distributable			
	Share Capital RM'000	Share premium RM'000	Foreign Exchange Reserves RM'000	Legal Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
As at 1 April 2016	60,012	4	7,594	326	28,977	96,913	231	97,144
Total comprehensive loss for the period	-	-	(159)	-	(3,104)	(3,263)	(866)	(4,129)
As at 30 June 2016	60,012	4	7,435	326	25,873	93,650	(635)	93,015
As at 1 April 2017	60,012	4	6,430	326	19,741	86,513	1,999	88,512
Total comprehensive income/(loss) for the period	-	-	616	-	3,718	4,334	(30)	4,304
As at 30 June 2017	60,012	4	7,046	326	23,459	90,847	1,969	92,816

The Condensed Consolidated Statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	3 months ended	
	30.06.2017	**30.06.2016**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation from:		
- Continuing operations	5,617	(3,549)
Adjustment for:-		
Non-cash items	1,476	(170)
Non-operating items (which are investing/financing)	2,243	3,335
Interest expense	1,471	1,410
Interest income	(36)	(24)
Operating profit before changes in working capital	10,771	1,002
Changes in working capital		
Net change in current assets	7,727	4,017
Net change in current liabilities	(1,810)	(11,962)
Interest paid	(1,471)	(1,410)
Tax refund/(paid)	1,662	(4,199)
Net cash flows from/(used in) operating activities	16,879	(12,552)
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(1,084)	(3,018)
- Proceeds from issuance of shares of subsidiary	22	-
- Proceeds from disposal of property, plant and equipment	47	2,754
- Interest received	36	24
Net cash flows used in investing activities	(979)	(240)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Repayment of hire purchase & lease financing	(288)	(122)
- Repayment of term loans	(49)	(840)
- Decrease in short term borrowings	(11,569)	(1,453)
Net cash flows used in financing activities	(11,906)	(2,415)
Net increase/(decrease) in cash and cash equivalents	3,994	(15,207)
Effects of exchange rate changes	2,152	(376)
Cash and cash equivalents at beginning of financial period	34,841	36,852
Cash and cash equivalents at end of financial period	40,987	21,269

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	41,398	26,784
Bank overdrafts	(411)	(5,055)
Deposits pledged to banks	-	(460)
	40,987	21,269

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

PCCS Group Berhad

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 30 June 2017, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2017, except for the adoption of the following Amendments:-

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 107: Disclosure Initiatives
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities

The adoption of the above mentioned Amendments to MFRSs did not have any material impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group.

Annual Improvements to MFRSs 2014 – 2016 Cycle	
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	Effective 1 January 2018
(iii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	Effective 1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments With MFRS 4 Insurance Contracts	Effective 1 January 2018
Amendments to MFRS 140: Transfers of Investments Property	Effective 1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	Effective 1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	Effective 1 January 2018
MFRS 15 Revenue from Contracts with Customers	Effective 1 January 2018
MFRS 9 Financial Instruments	Effective 1 January 2018
MFRS 16 Leases	Effective 1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 March 2017 was not qualified

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3. SEGMENTAL INFORMATION

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Segment Revenue				
Revenue from continuing operations:				
Apparels	177,564	155,801	177,564	155,801
Labellings	14,658	11,908	14,658	11,908
Others	3,000	5,395	3,000	5,395
Total revenue before eliminations	195,222	173,104	195,222	173,104
Eliminations	(43,565)	(47,698)	(43,565)	(47,698)
Total	151,657	125,406	151,657	125,406
Segment Result				
Result from continuing operations:				
Apparels	9,013	(4,677)	9,013	(4,677)
Labellings	(254)	753	(254)	753
Others	(2,215)	7	(2,215)	7
	6,544	(3,917)	6,544	(3,917)
Eliminations	(927)	368	(927)	368
Total	5,617	(3,549)	5,617	(3,549)

Apparels segment:
The apparels segment's revenue for the quarter ended 30 June 2017 increased by 14.0% or RM21.8 million to RM177.6 million from RM155.82 million recorded in the preceding year corresponding quarter. The increase was due to the increase of China factories' sales orders.

Labelling segment:
The labelling segment's revenue for the quarter ended 30 June 2017 increased by 23.1% or RM2.8 million to RM14.7 million from RM11.9 million recorded in the preceding year corresponding quarter. The increase was due to the increase of sales orders from Malaysia labelling business.

Others segment:
The others segment's revenue for the quarter ended 30 June 2017 decreased by 44.4% or RM2.4 million to RM3.0 million from RM5.4 million recorded in the preceding year corresponding quarter. The decrease was due to the decrease of sales orders from printing and embroidering business.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

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5. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter.

6. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not affected by any major seasonal or cyclical factors.

7. DIVIDENDS PAID

There were no dividends paid for the current quarter.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 March 2017.

9. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

10. CHANGES IN COMPOSITION OF THE GROUP

On 21 June 2017, PCCS (Hong Kong) Limited, a wholly-owned subsidiary of PCCS, had acquired 20,000 shares of Ample Apparels Limited ("AAL") for a total cash consideration of HKD 20,000. PHKL has owned 40,000 shares representing 40% of the total issued share capital in AAL prior to the Acquisition. Resulting from the Acquisition, AAL becomes a 60% sub-subsidiary of the Company.

11. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 2017.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM88 million given to licensed banks in respect of bank facilities granted to subsidiaries during the three months financial period ended 30 June 2017.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the period that have not been reflected in this quarterly report.

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PART B – EXPLANATARY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. PERFORMANCE REVIEW

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Period	Changes
	30.06.2017	30.06.2016		30.06.2017	30.06.2016	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	151,657	125,406	26,251	151,657	125,406	26,251
Profit/(loss) before interest and tax	7,087	(2,139)	9,226	7,087	(2,139)	9,226
Profit/(loss) before tax	5,617	(3,549)	9,166	5,617	(3,549)	9,166
Profit/(loss) after tax	3,742	(3,978)	7,720	3,742	(3,978)	7,720
Profit/(loss) attributable to ordinary equity holders of the parent	3,718	(3,104)	6,822	3,718	(3,104)	6,822

During the current quarter ended 30 June 2017, the Group recorded higher revenue of RM151.7 million for the current quarter as compared to RM125.4 million in the previous corresponding quarter. Accordingly, the pre-tax profit of the Group for the quarter under review is higher at RM5.6 million, marking a turnaround from a RM3.5 million loss in the previous corresponding quarter. The higher profit was mainly due to higher revenue and better cost management in China apparel division.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total revenue increased from RM131.9 million recorded in the preceding quarter to RM151.7 million achieved in the current quarter. The pre-tax profit of the Group recorded at RM5.6 million as compared with a pre-tax profit RM1.8 million recorded for the preceding quarter mainly due to the better cost control in China apparel division.

16. COMMENTARY ON PROSPECTS

Apparel Division
The Board is of the view that the overall growth momentum will likely cool in Malaysia & Cambodia apparel whereas China apparel will remain on an upward trajectory.

Labelling Division
The Board is cautiously optimistic the labelling will maintain their positive financial performance in the financial year ending 31 March 2018 due to projected growth from continuing demand in Malaysia whereas the labelling business in Cambodia remain challenging.

Other Division
The Other division's performance remains challenging following sluggish outlook of Cambodia apparel.

Management will continue to focus on improving operational efficiencies and controlling its operation expenses to remain competitive in this challenging environment.

Barring unforeseen circumstances, the management will endeavour to achieve a satisfactory result for the financial year ending 31 March 2018.

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group as no profit forecast or profit guarantee was published

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18. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Included in the profit/(loss) before tax are the following items:				
Interest income	(36)	(24)	(36)	(24)
Interest expenses	1,470	1,410	1,470	1,410
Depreciation	2,219	2,480	2,219	2,480
Fixed assets written off	14	69	14	69
Loss/(Gain) on disposal of property, plant and equipment	10	(37)	10	(37)
Foreign exchange loss/(gain)	3,892	(170)	3,892	(170)
Impairment loss on fixed assets	-	822	-	822

19. INCOME TAX EXPENSE

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Malaysian income tax	278	359	278	359
Foreign income tax	1,597	70	1,597	70
Total income tax expense	1,875	429	1,875	429

The tax provided in the current period is mainly in respect of certain subsidiaries reporting taxable profit.

20. CORPORATE PROPOSALS

a) Status of Corporate Proposals

Kenanga Investment Bank Berhad ("**Kenanga IB**"), on behalf of the Board of Directors of PCCS ("**Board**"), had announced the following corporate proposals on 5th May 2017:

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

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

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Subsequently on 12th July 2017, Kenanga IB, on behalf of the Board, announced that Bursa Securities has vide its letter dated 11 July 2017, approved the following:

i. Admission to the Official List of the Main Market of Bursa Securities and the listing and quotation of up to 90,018,003 Warrants;

ii. Listing and quotation of up to 150,030,005 new PCCS shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants; and

iii. Listing and quotation of up to 90,018,003 new PCCS shares to be issued pursuant to the exercise of the Warrants.

Other than the above, there were no other corporate proposals announced but not completed.

b) Status of Utilisation of Proceeds
Not applicable.

21. GROUP BORROWINGS

	As at 30.06.2017					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Term loan	-	462	-	279	-	741
Hire purchase & leasing	-	2,464	-	1,115	-	3,579
Unsecured						
Overdraft						
- RM	-	-	-	0	-	0
- USD	-	-	96	411	96	411
Trust receipt or trade loan						
- RM	-	-		5,232	-	5,232
- USD	-	-	5,753	24,623	5,753	24,623
- RMB	-	-	51,634	32,013	51,634	32,013
Revolving credit						
- USD	-	-	500	2,140	500	2,140
- RMB	-	-	25,000	15,500	25,000	15,500
Banker's acceptance						
- RM	-	-		3,397	-	3,397
Total	-	2,925		84,711		87,636

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	As at 30.06.2016					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denominatio n RM'000	Foreign denomination '000	RM denominatio n RM'000
Secured						
Term loan	-	726	-	371	-	1,097
Hire purchase & leasing	-	688	-	472	-	1,160
Unsecured						
Overdraft						
- RM	-	-	-	896	-	896
- USD	-	-	793	3,172	793	3,172
- HKD	-	-	1,859	985	1,859	985
Trust receipt or trade loan						
- RM	-	-		5,684	-	5,684
- USD	-	-	9,074	36,296	9,074	36,296
- RMB	-	-	16,983	10,190	16,983	10,190
Revolving						
- USD	-	-	500	2,000	500	2,000
- RMB	-	-	36,991	22,195	36,991	22,195
Banker's acceptance						
- RM	-	-		2,392	-	2,392
Export bill purchase						
- USD	-	-	1,472	5,888	1,472	5,888
Term loan						
- USD	56	224	429	1,716	485	1,940
Total		1,638		92,257		93,895

22. REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 30 June 2017 is analysed as follows:

	As at 30 Jun 17 RM'000	As at 30 Jun 16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	(34,565)	358
- Unrealised	(659)	(60)
	(35,224)	298
Add: Consolidation adjustments	58,683	25,575
Total group retained earnings as per consolidated financial statements	23,459	25,873

23. CHANGES IN MATERIAL LITIGATION

There was no pending material litigation as at the date of this announcement.

PCCS Group Berhad

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24. DIVIDEND PAYABLE

No interim dividend has been declared for the financial period ended 30 June 2017 (30 June 2016: Nil).

25. EARNINGS PER SHARE

a Basic
The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue of 60,012,002 during the reporting year.

b Diluted
There is no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 June 2017.

26. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on the date set forth below.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary
30 August 2017

PCCS GROUP BERHAD

Company No. 280929-K

Registered Office:

Lot 1376, GM 127
Mukim Simpang Kanan
Jalan Kluang
83000 Batu Pahat
Johor Darul Takzim

17 NOV 2017

To: Shareholders of PCCS Group Berhad ("**PCCS**" or "**Company**")

Dear Sir/Madam,

On behalf of the Board of Directors of PCCS ("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 31 March 2017 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than 14 days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
PCCS GROUP BERHAD

JULIAN LIM WEE LIANG
Senior Independent Non-Executive Chairman

Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, Malaysia.
Tel : 607-4568999 Fax : 607-4568860 http://www.pccsgroup.net

ADDITIONAL INFORMATION

I. SHARE CAPITAL

1.1 Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Rights Shares and exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than 12 months after the date of the issuance of this AP.

1.2 As at the date of this AP, there are no founders', management, deferred or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

1.3 Save for our Entitled Shareholders who will be allotted the provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.

2. REMUNERATION OF DIRECTORS

The provisions in our Articles of Association / Constitution in respect of the arrangements for the remuneration of Directors are as follows:

Article 105

(a) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting subject to Article 105(b) and (c) and Article 106. That remuneration shall be deemed to accrue from day to day. Remuneration paid by the company to the alternate shall be deducted from the Director nominating him. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

(b) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

(c) Salaries payable to executive Directors may not include a commission on or percentage of turnover.

Article 106

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 107

If any Director being willing and having been called upon to do so by the other Directors shall render or perform special or extraordinary services or travel or reside abroad for any business or purposes on behalf of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses and also such remuneration as Directors may think fit, either as a fixed sum or as percentage of profits or otherwise but not a commission on or percentage of turnover and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary companies have entered into any material contracts, (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this AP:

(i) the Deed Poll dated 27 October 2017 constituting the Warrants; and

(ii) PCCS had on 14 December 2016 entered into a share sale agreement with Mr. Law Keng Hu and Mr. Kerk Chu Tung for the disposal of 350,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Shern Yee Garments Sdn Bhd, our wholly-owned subsidiary, at a total purchase consideration of RM1. This transaction has been completed on 31 December 2016.

4. MATERIAL LITIGATION

As at the LPD, neither we nor our subsidiary company are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceeding, pending or threatened, against us or our subsidiary company or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Company or our subsidiary company.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.

5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from our operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenue or operating income; and

(v) material information, including any special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.

6. CONSENTS

The Adviser, Company Secretaries, Principal Bankers, Share Registrar and Solicitors for the Rights Issue of Shares with Warrants have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 March 2017 and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

The written consent of our Auditors to the inclusion in this AP of their names and letter relating to the audited consolidated financial statements of our Group for the FYE 31 March 2017 and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

Bloomberg has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source for the historical share prices of PCCS, and all references thereto, as the case may be, in the form and context in which they so appear in this AP.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor, during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of 12 months from the date of this AP:

(i) Memorandum and Articles of Association / Constitution of PCCS;

(ii) the audited financial statements of our Group for the FYE 31 March 2016 and FYE 31 March 2017;

(iii) the latest unaudited consolidated financial statements of our Group for the 3-month FPE 30 June 2017;

(iv) the pro forma consolidated statements of financial position as at 31 March 2017 together with the Reporting Accountants' letter thereon as set out in Appendix III of this AP;

(v) the undertaking letters from the Undertaking Shareholder, SSSB and the Chan Family referred to in Section 2.4 of this AP;

(vi) Directors' Report referred to as Appendix VI of this AP;

(vii) the material contracts as set out in Section 3 of this appendix;

(viii) the Deed Poll; and

(ix) the letters of consent referred to in Section 6 of this appendix.

ADDITIONAL INFORMATION (*CONT'D*)

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

Kenanga IB, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants.

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