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NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 18 July 2018 at 10.00 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 January 2018 together with the Directors' and Auditors' Reports thereon. (Please see Note 1 of Explanatory Notes on Ordinary Business)

2. To re-elect the following Directors who are retiring pursuant to Article 83 of the Company's Articles of Association, comprising part of the Constitution of the Company:-

   (a) Abd Malik Bin A Rahman — Resolution 1
   (b) Chen Wai Ling — Resolution 2

3. To approve the Directors' fees of RM264,000 for the financial year ending 31 January 2019. — Resolution 3

4. To approve the Directors' benefits of RM20,000 for the period 19 July 2018 until the next Annual General Meeting of the Company. — Resolution 4

5. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. — Resolution 5

As Special Business

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

6. Authority for Abd Malik Bin A Rahman to continue in office as Independent Non-Executive Director

   "THAT subject to the passing of Resolution 1, authority be and is hereby given to Abd Malik Bin A Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — Resolution 6

7. Authority for Seow Nyoke Yoong to continue in office as Independent Non-Executive Director

   "THAT authority be and is hereby given to Seow Nyoke Yoong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — Resolution 7

8. To transact any other business for which due notice is given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

KUAN HUI FANG (MIA 16876)
THAM WAI YING (MAICSA 7016123)
Secretaries

31 May 2018
Kuala Lumpur

Notice of Eighteenth Annual General Meeting (cont'd)

Notes on the appointment of Proxy

i) *A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, vote and speak instead of him/her. A proxy may but need not be a member of the Company.*
ii) *A member of the Company, who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, can appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
iii) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
iv) *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
v) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or an attorney duly authorised.*
vi) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or adjourned meeting. A member shall not be precluded from attending and voting in person at any general meeting after lodging the instrument of proxy but however such attendance shall automatically revoke the proxy's authority.*
vii) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 10 July 2018. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.*
viii) *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in this Notice will be put to vote by way of poll.*

Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Resolutions 1 and 2

   Abd Malik Bin A Rahman and Chen Wai Ling, who are standing for re-election as Directors and being eligible, have offered themselves for re-election at the Eighteenth Annual General Meeting.

   The Board of Directors ("the Board") has through the Nomination Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria prescribed by Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time to effectively discharge their role as Directors.

3. Resolutions 3 and 4

   The proposed Resolution 3 is to facilitate payment of Directors' fees on a current financial year basis, calculated based on the current Board size. In the event the Directors' fees proposed are insufficient (e.g. due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

   Payment of the Directors' fees will be made by the Company and its subsidiary on a monthly basis and as and when incurred if the proposed Resolution 3 is passed at the Eighteenth Annual General Meeting. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' fees on a monthly basis and as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiary throughout the period stated in the resolution.

   The proposed Resolution 4 for the Directors' benefits (being meeting allowances) are calculated based on the current Board size and number of scheduled Board and Committee meetings for 2018 up to the next Annual General Meeting. In the event the proposed amounts are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

Notice of Eighteenth Annual General Meeting (cont'd)

4. Resolution 5

   The Board has through the Audit Committee, considered the re-appointment of Deloitte PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the Eighteenth Annual General Meeting are stated in the Corporate Governance Overview Statement of the 2018 Annual Report.

Explanatory Notes on Special Business

1. Resolution 6

   The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Abd Malik Bin A Rahman ("Encik Malik"), who has served as Independent Non-Executive Director ("INED") of the Company for a cumulative term of more than nine years, and recommended him to continue to act as INED of the Company based on the following justifications:-

   (a) he fulfills the criteria under the definition of "Independent Director" stated in the MMLR;
   (b) a director's independence should not be determined arbitrarily with reference to a set period of time. Encik Malik's length of service as INED does not in impair his independence, his judgment or his ability to act in the best interests of the Company;
   (c) he participates actively in Board and Board Committees discussions and has continuously provided his views to the Board from an independent and objective perspective;
   (d) an accountant by training, his experience, expertise and independent judgment has contributed to the effective discharge of his duties;
   (e) he is highly committed and has devoted sufficient time to his carry out his duties and responsibilities as an INED of the Company as evidenced by his full attendance at all Board and Board Committee meetings held during the financial year ended 31 January 2018; and
   (f) he does not have any business dealings with the Group.

2. Resolution 7

   The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Seow Nyoke Yoong ("Madam Seow"), who has served as INED of the Company for a cumulative term of more than nine years, and recommended her to continue to act as INED of the Company based on the following justifications:-

   (a) she fulfilled the criteria under the definition of "Independent Director" stated in the MMLR;
   (b) a director's independence should not be determined arbitrarily with reference to a set period of time. Madam Seow's length of service as INED does not in any way interfere with her independence or her ability to act in the best interests of the Company;
   (c) she has a good understanding of the Company's business operations;
   (d) she is highly committed and has devoted sufficient time to carry out her duties and responsibilities as an INED of the Company as evidenced by her full attendance at all Board and Board Committee meetings held during the financial year ended 31 January 2018;
   (e) she has exercised due care during her tenure as INED of the Company and participated actively in meetings, giving her independent views in a constructive manner and bringing an element of objectivity to the Board's decision making; and
   (f) she has no business dealings with the Group.

3. Voting on Resolutions 6 and 7 will be carried out through a two-tier voting process.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There are no individuals standing for election/appointment as Directors at the Eighteenth Annual General Meeting.

The Directors who are standing for re-election are Abd Malik Bin A Rahman and Chen Wai Ling, whose profiles are set out in pages 10 and 9 respectively of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abu Talib Bin Othman
(Chairman/Non-Independent Non-Executive Director)

Chen Yat Lee
(Managing Director)

Chen Teck Shin
(Executive Director)

Chen Wai Ling
(Executive Director)

Seow Nyoke Yoong
(Senior Independent Non-Executive Director)

Abd Malik Bin A Rahman
(Independent Non-Executive Director)

AUDIT COMMITTEE

Abd Malik Bin A Rahman *(Chairman)*
Tan Sri Abu Talib Bin Othman
Seow Nyoke Yoong

NOMINATION COMMITTEE

Seow Nyoke Yoong *(Chairman)*
Tan Sri Abu Talib Bin Othman
Abd Malik Bin A Rahman

REMUNERATION COMMITTEE

Tan Sri Abu Talib Bin Othman *(Chairman)*
Abd Malik Bin A Rahman
Seow Nyoke Yoong

AUDITORS

Deloitte PLT
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel. No. : 603-7610 8888
Fax. No. : 603-7726 8986

COMPANY SECRETARIES

Kuan Hui Fang (MIA 16876)
Tham Wai Ying (MAICSA 7016123)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. No. : 603-2783 9191
Fax.No. : 603-2783 9111
Email : info@my.tricorglobal.com

CORPORATE BUSINESS OFFICE

12, Jalan Teluk Gadung 27/93
Section 27
40000 Shah Alam
Selangor Darul Ehsan
Tel. No. : 603-5191 3888
Fax. No. : 603-5191 2888
Website : www.cylcorporation.com
Email : enquiry@jayaplastik.com

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. No. : 603-2783 9299
Fax. No. : 603-2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

PRINCIPAL BANKERS

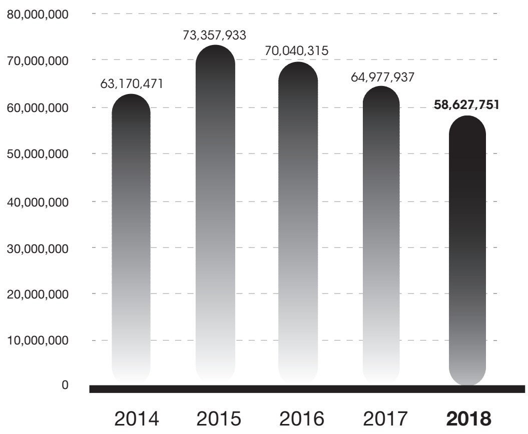
CIMB Bank Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

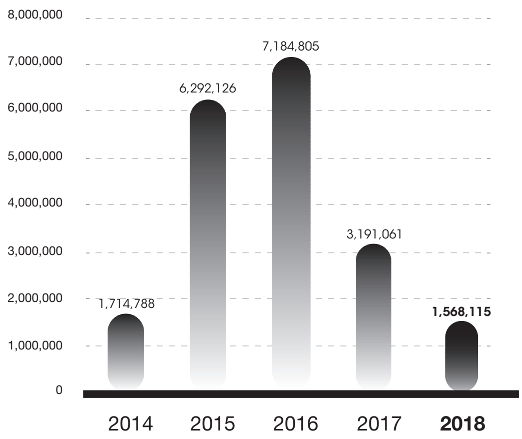
Bursa Malaysia Securities Berhad
Main Market
Sector: Industrial
Stock Name: CYL
Stock Code: 7157

FIVE-YEAR FINANCIAL HIGHLIGHTS

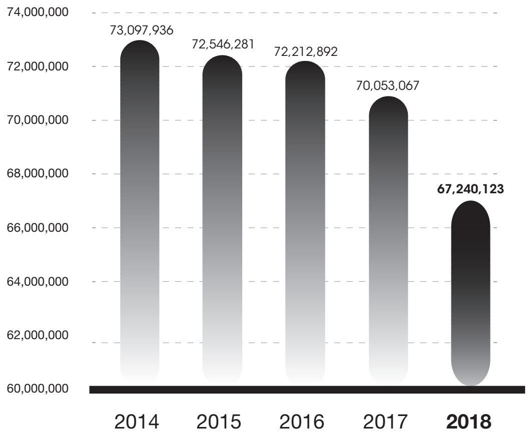
Revenue 5-Year Comparison (RM)



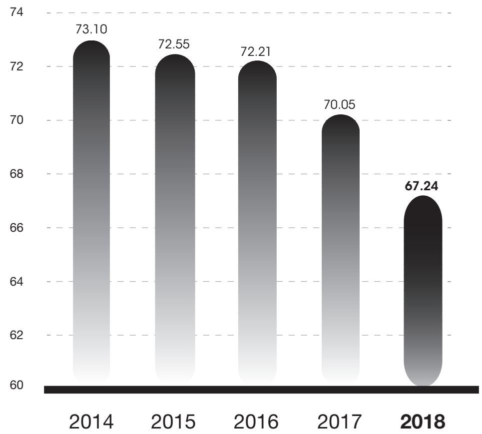
Profit Before Tax 5-Year Comparison (RM)



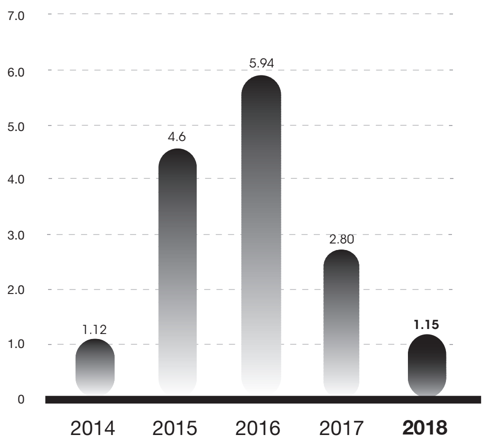
Shareholders Funds 5-Year Comparison (RM)



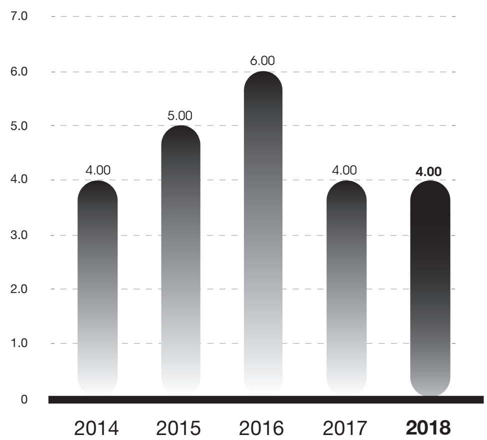
Net Assets per Share 5-Year Comparison (sen)



Earnings Per Share 5-Year Comparison (sen)



Dividend Declared / Paid 5-Year Comparison (sen)



PROFILE OF THE BOARD OF DIRECTORS

TAN SRI ABU TALIB BIN OTHMAN
Non-Independent Non-Executive Chairman
Malaysian, aged 79, Male

Tan Sri Abu Talib Bin Othman was appointed as the Non-Independent Non-Executive Chairman of CYL Corporation Berhad ("CYL") on 16 September 2002. He is also the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee.

He is a Barrister at Law from Lincoln's Inn, United Kingdom. He has served in various capacities in the Judicial and Legal Service of the Government of Malaysia. He was the Attorney-General of Malaysia from 1980 to his retirement in 1993.

He is also the Director of MUI Continental Berhad and KAF Investment Funds Berhad.

He is a substantial shareholder of the CYL, details of which are set out on page 90 of this Annual Report.

He has no family relationship with any Director and/or other major shareholder of the Company and has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all five Board meetings held during the financial year ended 31 January 2018.

CHEN YAT LEE
Managing Director
Malaysian, aged 77, Male

Chen Yat Lee was appointed as Managing Director of CYL on 6 June 2000. He has more than 44 years of experience in the field of technological support and innovative product development in the plastic related industries. He was one of the first Malaysians to be awarded the German Scholarship to study plastic technology in Suddeutschen Kunststoff-Zentrum, Wurzburg in Germany in 1965.

As the founder and Managing Director of Perusahaan Jaya Plastik (M) Sdn. Bhd. ("PJP"), his responsibilities include developing and planning the overall strategic business direction for the CYL Group. His entrepreneurial skills and vast technical experience have paved the way for the significant growth of PJP from a small rented factory with a workforce of 30 persons to its present size of over 300,000 sq. ft. of built-up factory and warehousing facilities fully owned by PJP in Shah Alam with a total workforce of 300 employees (including contract workers).

He is a substantial shareholder of the CYL, details of which are set out on page 90 of the 2018 Annual Report.

He does not hold any directorships in other public companies and listed issuers. He is the father of Chen Teck Shin and Chen Wai Ling. He has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all five Board meetings held during the financial year ended 31 January 2018.

Profile of the Board of Directors (cont'd)

CHEN TECK SHIN
Executive Director
Malaysian, aged 39, Male

Chen Teck Shin was appointed as Executive Director of CYL on 23 May 2017. He graduated in 1999 with a Bachelor of Commerce (Economics) Degree and went on to complete a Postgraduate Diploma in Accounting and Masters in Accounting from Macquarie University, Australia in 2000. He is a Chartered Accountant Member of the Malaysian Institute of Accountants (MIA). He is also a Certified Practising Accountant (CPA Australia). He was with Deloitte Touche Tohmatsu Tax Services Sdn Bhd as senior associate for 3 years before joining PJP in 2004. He is currently heading the Production Planning, Finance and Accounts Department of the CYL Group.

He does not hold any directorships in other public companies and listed issuers. He is the son of Chen Yat Lee and sibling of Chen Wai Ling. He has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all four Board meetings held during the financial year ended 31 January 2018 after his appointment as Director.

CHEN WAI LING
Executive Director
Malaysian, aged 43, Female

Chen Wai Ling was appointed as Executive Director of CYL on 16 September 2002. She graduated in 1997 with a Bachelor of Commerce degree from the University of Newcastle in Australia. She joined PJP in 1998 and is currently heading the Administration, Human Resource and Purchasing Department of the CYL Group.

She does not hold any directorships in other public companies and listed issuers. She is the daughter of Chen Yat Lee and sibling of Chen Teck Shin. She has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. She does not have any conflict of interest with the Company.

She attended all five Board meetings held during the financial year ended 31 January 2018.

SEOW NYOKE YOONG
Senior Independent Non-Executive Director
Malaysian, aged 56, Female

Seow Nyoke Yoong was appointed as Independent Non-Executive Director of CYL on 16 September 2002 and as the Senior Independent Non-Executive Director of CYL on 30 March 2015. She is the Chairman of the Nomination Committee and a member of the Audit Committee. She was appointed as a member of the Remuneration Committee on 19 June 2017. She graduated with a Bachelor of Commerce degree from University of New South Wales, Australia in 1984 and went on to complete a Bachelor of Law degree from University of Melbourne, Australia in 1985. She sits on the Board of AYS Ventures Berhad.

She has no family relationship with any Director and/or other major shareholder of the Company and has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. She does not have any conflict of interest with the Company.

She attended all five Board meetings held during the financial year ended 31 January 2018.

Profile of the Board of Directors (cont'd)

ABD MALIK BIN A RAHMAN
Independent Non-Executive Director
Malaysian, aged 69, Male

Abd Malik Bin A Rahman was appointed as an Independent Non-Executive Director of CYL on 16 September 2002. He is the Chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee. Encik Malik is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA). He is also a Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants and a Certified Financial Planner (USA). He is a member of both the Malaysian Institute of Management and Chartered Management Institute (UK).

Encik Malik has held various senior management positions in Peat Marwick Mitchell (KPMG), Esso Group of Companies, Colgate Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad. He was the General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (Westports) from 1994 until 2003.

Encik Malik sits on the Board of Affin Holdings Berhad, Affin Bank Berhad, Affin Hwang Investment Bank Berhad, Affin Hwang Asset Management Berhad, Boustead Heavy Industries Corporation Berhad, Lee Swee Kiat Group Berhad, Mah Sing Group Berhad and several other private limited companies including Boustead Penang Shipyard Sdn Bhd.

He has no family relationship with any Director and/or other major shareholder of the Company and has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

He attended all five Board meetings held during the financial year ended 31 January 2018.

PROFILE OF KEY SENIOR MANAGEMENT

The disclosure on the particulars of Key Senior Management of CYL Group is made in compliance with the requirements under Appendix 9C of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Key Senior Management of CYL comprises of the Managing Director and Executive Directors of the Company, Chen Yat Lee, Chen Teck Shin and Chen Wai Ling.

Apart from the above mentioned individuals, the other Key Senior Management of the Company are as follows:-

CHEN TECK SUN
General Manager
Malaysian, aged 42, Male

Chen Teck Sun joined PJP in 2000. He was appointed as the General Manager of PJP on 23 March 2014, primarily responsible for CYL Group's Manufacturing Operations, Product Development and Sales Division. Mr Chen holds a Foundation Studies Certificate from the University of Newcastle, Australia.

He does not hold any directorships in other public companies and listed issuers. He is the son of Chen Yat Lee and sibling of Chen Teck Shin and Chen Wai Ling. He has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

FOO CHIN HAW
Quality Assurance Manager
Malaysian, aged 39, Male

Foo Chin Haw started his career in PJP on 3 August 2010 and is primarily responsible for the Quality Control daily checking, maintenance of customer quality support and ISO documentation of the CYL Group. Mr Foo holds a Bachelor of Science in Physics degree from University Kebangsaan Malaysia.

He does not hold any directorships in other public companies and listed issuers. He has no family relationship with any Director and/or other major shareholder of the Company and has no convictions for any offence within the past five years (other than traffic offences) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year. He does not have any conflict of interest with the Company.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group for the financial year ended 31 January 2018 ("FYE 2018").

FINANCIAL REVIEW

For the year under review, the Group turnover amounted to RM58.63 million. Profit before tax amounted to RM1.57 million. In the corresponding financial year ended 31 January 2017 ("FYE 2017), the Group's turnover amounted to RM64.98 million with a profit before tax figure of RM3.19 million. The Group's lower performance was mainly caused by a decline in overall demand/orders and higher cost of raw materials.

DIVIDENDS

The Board declared a first interim tax exempt dividend of 2.00 sen per ordinary share amounting to RM2 million, which was paid on 16 January 2018, for the FYE 2018 (FYE 2017: 2.00 sen per ordinary share).

A second interim tax exempt dividend of 2.00 sen per ordinary share amounting to RM2 million for FYE 2018 was declared and would be paid on 12 June 2018 to shareholders whose names appear in the Record of Depositors on 28 May 2018 (FYE 2017: 2.00 sen per ordinary share).

REVIEW OF OPERATIONS

Overall, the performance of the Group has been challenging due to the weak business conditions that prevail in the industry. The Group remains vigilant in cost management. The Group is maintaining its strategy of focusing on being lean and efficient in terms of productivity and in optimising resources such as manpower and equipment to meet the increased competitive pressure faced by the industry.

With increasing competition, we have to be prudent in managing our costs and upkeep the quality of our products to enable us to maintain our position as one of the preferred and major packaging players in the industry.

FUTURE PROSPECT

For the new financial year, the Group foresees a continued competitive and challenging operating environment. Higher production costs brought on by the rising raw material costs coupled with lower demand will inevitably affect the Group's profit margin. The Board of Directors will continue to focus on improving production efficiency, productivity and processes to enable the Company to continue to perform satisfactorily.

ACKNOWLEDGEMENT

Amidst various challenges to the industry, the Group has remained resilient. This is attributable mainly to the commitment of the management team and staff. My heartfelt gratitude is extended to them and the Board as well for their support and counsel.

To our valued stakeholders, customers, investors, business partners and shareholders, I wish to extend my appreciation for your contribution, trust and confidence in us.

I wish also to record my thanks to my fellow Directors for their advice and support.

Tan Sri Abu Talib Bin Othman
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Group's Business and Operations

The Group is mainly involved in the plastics packaging industry through its wholly owned subsidiary Perusahaan Jaya Plastik (M) Sdn Bhd ("PJP"). The Group has more than 30 years of experience in the industry and is focused on the 5ml and up to the 5,000ml segment of the packaging market. PJP uses advanced moulding technology namely blow moulding, injection moulding and injection blow moulding processes catering to the consumer toiletries and detergent, automotive lubricant, pharmaceutical and food industries. Value added services such as silk screen printing, bottle labeling and shrink tunnel sleeving are also part of the expertise of the Group. Apart from these, PJP also possesses in-house mould making capabilities, making it a one-stop center for current and potential customers looking for plastics packaging solutions.

PJP's strength lies in its capability to cater to high volume production coupled with a dedication to ensuring and maintaining the quality of our products. The Group stands as one of the preferred plastic packaging manufacturers in the domestic market currently.

Financial Comparison for the financial year ended 31 January 2018 ("FYE 2018") and financial year ended 31 January 2017 ("FYE 2017")

The Group's revenue for FYE 2018 was RM58.63 million, a decrease of RM6.35 million (10%) compared with RM64.98 million for FYE 2017. The lower revenue was mainly attributable to lower volume of demand from customers. The overall sentiment prevailing in the domestic market for FYE 2018 was challenging. As the domestic plastics packaging industry in general is demand elastic, the consumer market slowdown coupled with the volatility of Ringgit Malaysia weighed on the overall business of the Group. This is reflected in the output of production measured in metric tonnes ("MT") where the total consumption dropped from 5,207MT to 4,804MT year-on-year.

Total cost of goods sold per Ringgit Malaysia of revenue experienced an increase of 2% from FYE 2017 to FYE 2018. The combination of price increase coupled with the weakening of Ringgit Malaysia is the main contribution to the increase in cost for the Group's main raw material i.e. resin.

The tax expense for the Group was RM418,361 in FYE 2018 compared with RM388,188 for FYE 2017. The increase was mainly due to the lower qualifying expenditure for capital allowance eligible for reinvestment allowance as compared to FYE 2017.

Cash and cash equivalents of the Group decreased from RM7.36 million as at 31 January 2017 to RM5.25 million. The decrease of RM1.50 million is due to classification of other investments readily convertible into cash. The decrease of RM602,650 was mainly due to lower operating profits resulting in lower net cash inflow from operating activities. The Group's capital expenditure in respect of property, plant and equipment was RM1.16 million for FYE 2018, mainly for purchase of new machinery and moulds in addition to upgrades made to existing machinery.

Dividend Policy

The Group does not have any formal dividend policy. However, the Group has consistently paid out dividends to its shareholders. For FYE 2018, a first interim tax exempt dividend of 2.00 sen per ordinary share amounting to RM2 million was declared and paid on 16 January 2018. Subsequent to the end of the FYE 2018, a second interim tax exempt dividend of 2.00 sen per ordinary share amounting to RM2 million was declared and payment would be made to shareholders on 12 June 2018.

Management Discussion and Analysis (cont'd)

Prospects and Outlook

The global economy is expected to continue its modest growth trajectory with the lead coming from the 2 major economies mainly China and the U.S.A. The outlook for Malaysia continues to be affected by developments in the global and domestic fronts. The recent increase in the Overnight Policy Rate by Bank Negara Malaysia has impacted the cost of funding for the commercial sector and the disposable income of the private sector. The upward trend of the price of crude oil, in which the Group's main raw material pricing is highly correlated with, will be a major concern to the industry as a whole going into FYE 2019. The levy for foreign workers to be absorbed by employers beginning calendar year 2018 will also be a cost push factor. These factors coupled with the weaker than expected climate in terms of business confidence and consumer sentiment will inherently put a damper on the outlook of the Group for the financial year ending 31 January 2019 ("FYE 2019"). The Group added a new clientele to its consumer food portfolio and another to its lubricant portfolio in which the full effect will be felt in FYE 2019.

Notwithstanding the lackluster market in general, the Group focused on improving production efficiency, productivity and processes to ensure that costs are kept in check. All in all, notwithstanding the weak consumer market environment, we anticipate the performance of the Group to remain challenging.

SUSTAINABILITY STATEMENT

INTRODUCTION

Over the course of more than 30 years, CYL Corporation Berhad ("CYL"), the investment holding company with its sole subsidiary Perusahaan Jaya Plastik (M) Sdn Bhd, has chartered a growth trajectory to be where it is at today. With growth comes the realization of the significance and impact of our business to the environmental, economic and social matters. CYL is committed to pursuing equitable and sustainable growth by ensuring our business operates in an efficient, ethical and responsible manner.

ENVIRONMENT

The Group is focused on the efficient use of resources and proper management of waste which is a by-product of the manufacturing process.

The investment in automation over the years has not only reduced costs but has also indirectly contributed to minimizing wastages of resources used. This more efficient usage of resources and lesser machine hours due to increased efficiency have indirectly contributed to a smaller carbon footprint due to less kilowatt hours of electricity used per bottle produced. The continuing focus and investment in automation whereby components are controlled electronically instead of hydraulically has contributed to a significant reduction in waste material generated.

The Group acknowledges its responsibility in ensuring that the disposal of wastes is done in a proper manner and in accordance with the relevant laws and regulations. Training has been conducted on innovative waste management practices to be applied in our production process.

We are currently solely relying on local electricity supply for our energy consumption. In line with the technological growth in renewable energy, we are currently assessing the feasibility of installing photovoltaic solar systems on the roof of our factories to generate electricity which will further reduce our carbon footprint and generate economic savings to the Group.

ECONOMIC

The growth of the Group has contributed to the employment of the local communities whereby some employees has been with the Group for close to 30 over years. The Group works towards instilling a culture of well-being, enabling them to grow and prosper with the Group. Our employees are offered competitive salaries and benefits coupled with a conducive working environment. The Group also contributes to the Small and Medium Industry by building a professional and mutually beneficial relationship with our various suppliers across differing industries, contributing not only to the growth of the Group but also to the growth of our valued suppliers.

The Group is also committed to creating a safe and healthy environment at our workplace. We have set up a Safety Committee to oversee the occupational health and safety initiatives. Programs and initiatives implemented to achieve greater health and safety awareness amongst our employees include safety and awareness training, cardiopulmonary resuscitation (CPR) and first aid response training, Emergency Response Plan and fire drills which were conducted at least once a year (organized together with Jabatan Bomba dan Penyelamat Malaysia). For the well-being of the production employees and in compliance with the Group's policy on health and safety and Occupational Health and Safety regulations, ear protection plugs are provided to the production employees. The Group also ensures that all production plants are equipped with fire extinguishers and employees are trained to use them.

Sustainability Statement (cont'd)

SOCIAL

The Group strives to create a conducive working environment for all our employees. Annual lunch is organized each year together with a Lion Dance troupe performance in conjunction with the Lunar New Year to foster closer relationship amongst the employees of the Group.

The Group also provides training to our employees for cultivation of talent within the Group to sustain our growth in the future.

With the various initiatives conducted, we strive to work towards a sustainable balance between our commitments to our customers and also other stakeholders in the economic environment i.e. our environment via our carbon footprint; our economy via our continuous growth creating a mutually beneficial relationship with our suppliers and sustaining employment for our local communities and our assets by empowering our employees via the various career development initiatives and promoting a conducive, healthy and safe working environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of CYL Corporation Berhad ("CYL") acknowledges the importance of enhancement of corporate governance practices outlined in the Malaysian Code on Corporate Governance ("MCCG" or "the Code"). It is the Board's responsibility and commitment to ensure that high standards of corporate governance are being practised in the Group (Company and its subsidiary company), thereby safeguarding the assets of the Group and its shareholders' investments. The Board believes that it has substantially complied with the recommendations set out in the Code.

The Board is pleased to report an overview on the extent to which the Principles set out in the Code were applied throughout the FYE 2018 in this Corporate Governance Overview Statement ("CG Overview Statement").

The application of the Practices set out in the Code throughout FYE 2018 is also disclosed to Bursa Malaysia Securities Berhad ("Bursa Securities") in a prescribed format ("CG Report"). The CG Report can be downloaded from the Company's corporate website at www.cylcorporation.com.

The Board considers that the Company has complied with the Practices of MCCG in all material aspects except for the following Practices:-

- Practice 4.1 (At least half of the board comprises independent directors);
- Practice 6.1 (The board has in place policies and procedures to determine the remuneration of Directors and Senior Management); and
- Practice 7.2 (The board discloses on a named basis the top five senior management's remuneration component in bands of RM50,000).

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities

The Board takes full responsibility for the overall direction and performance of the Group. The role of Management is to run the general business operations and activities and manage the Group's financial matters in accordance with established delegated authority from the Board.

Other than those statutorily and regulatory required and powers accorded under the Articles of Association, the following are matters reserved for Board deliberation and decision which are non-exhaustive and may be varied from time to time:-

- delegation of certain functions to Board Committees;
- receiving reports and recommendations from Board Committees;
- approving strategic business plans, mergers, acquisitions of a substantial value and corporate exercises;
- major investment or divestment of current businesses;
- changes to the Group structure; and
- provision of indemnities or corporate guarantees.

The Board assumes the following duties and responsibilities:-

- reviewing and adopting a strategic plan for the Group whereby the current focus on the Company's core business is deemed appropriate;
- reviewing the Group's annual budget and evaluating its level of appropriateness given the assumptions and prevailing economic conditions;
- reviewing and approving the Capital Expenditure Budget for each financial year;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed by having at least four (4) meetings during the year with timely updates from the Managing Director on prospects of the company given the prevailing market conditions;
- identifying principal risks and ensure the implementation of appropriate systems to manage those risks, if any;

Corporate Governance Overview Statement (cont'd)

1. Roles and Responsibilities (Cont'd)

The Board assumes the following duties and responsibilities:- (Cont'd)

- succession planning;
- establishing and ensuring the effective functioning of the various board committees;
- developing and implementing a shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by various Board Committees namely the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which have been established with terms of reference setting out their duties and responsibilities. The Chairman of the respective Committees report regularly to the Board on the key findings of their review and/or make recommendations to the Board. The ultimate responsibility for decision making, however, lies with the Board.

2. Chairman and Managing Director

The Chairman of the Board is a Non-Executive Director. The Company does not have a Chief Executive Officer. However, the positions of Chairman and Managing Director ("MD") are held by different individuals. There is a clear division of responsibilities between the Chairman and MD of the Company to ensure a balance of power and authority. The Chairman's responsibility is to ensure the effectiveness of the Board while the MD is responsible for overall operations and effective implementation of the Board's decisions and policies.

The responsibilities of the Chairman, amongst others, are as follows:-

- lead the Board in setting its values, ethical standards and instilling good corporate governance practices;
- represent the Board to the shareholders and indirectly to the general public for Company's performance;
- ensure the efficient organisation and conduct of the Board's function and meetings;
- ensure the content and order of the agenda are appropriate and that the members of the Board have the relevant papers in good time. The Chairman must also ensure that the Board members are properly briefed on issues arising at Board meetings;
- promote constructive and respectful relations between Directors, and between the Board and Management; and
- ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the MD are as follows:-

- develop and implement corporate strategies for the Group. During the year, much focus was concentrated on the cost rationalisation aspect of the Company's operation;
- supervise and control the general management and operation of the Company;
- ensure the efficiency and effectiveness of the operation of the Group;
- assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
- act as a liaison between Management and the Board;
- communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
- ensure that the Board is properly informed and that sufficient information is provided to enable the Board to form appropriate judgment;
- assess business opportunities which are of potential benefit to the Group; and
- bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

Corporate Governance Overview Statement (cont'd)

3. Qualified and Competent Company Secretaries

The Board is supported by qualified Company Secretaries. The Company Secretaries ensure that the Board's actions and policies are in compliance with the relevant regulatory requirements i.e. Main Market Listing Requirements ("MMLR") of Bursa Securities and companies legislation related to the Group. The Company Secretaries attend meetings of the Board and shareholders and ensure that the meeting proceedings are properly convened and recorded.

The Company Secretaries also serve notices to the Directors and Principal Officers on the closed periods for trading in CYL's shares pursuant to Chapter 14 of the MMLR of Bursa Securities.

Both Company Secretaries are qualified to act as secretaries under Section 235(2) of the Companies Act 2016. The Board is satisfied with the performance and support rendered by the Company Secretary in assisting them to discharge their duties.

4. Access to Information and Advice

All Directors have full unrestricted access to timely information pertaining to the Company. The agenda for every Board and Board Committees meeting, together with a set of Board and Board Committees papers are furnished to all Directors for their perusal prior to the Board and Board Committees meetings. This is to ensure sufficient time is given to enable the Directors to review and consider the agenda items to be deliberated at the Board and Board Committees meetings. The Board and Board Committees papers include, amongst others, quarterly financial reports, year-end financial statements of the Group and annual budget. The Board can at any time request for additional information pertaining to any agenda items to be deliberated prior to or post Board meeting. In most instances, the senior management are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.

The Directors, collectively or individually, have unrestricted access to the advice and services of the Company Secretaries, senior management and independent professional advisers including the External Auditors, at the Company's expense.

The Directors may exercise their right to obtain independent professional advice in accordance with the steps set out in the Board Charter.

5. Board Charter

The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter was last reviewed by the Board on 21 May 2018 and is available for reference in the Company's corporate website at www.cylcorporation.com.

6. Formalised Ethical Standards through Code of Conduct and Whistleblowing Policy

The Board is committed to creating an environment whereby ethics and professionalism are placed in the highest priority in line with good corporate governance practices. The Board shall observe and adhere to the Directors' Code of Conduct as set out in the Code of Conduct adopted by the Board on 24 June 2013. The Board has also adopted a Whistleblowing Policy. The Code of Conduct and Whistleblowing Policy can be accessed on the Company's corporate website at www.cylcorporation.com.

Corporate Governance Overview Statement (cont'd)

7. Composition of the Board

The Board consists of three (3) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board to lead and control the Group effectively. The Directors' profiles are presented on pages 8 to 10 of this Annual Report.

The Chairman of the Company is a Non-Independent Director. The Board, having carried out an annual assessment and having taking into consideration the size of the Group, is of the view that the current Board size and composition are considered adequate to provide the Board with an optimum mix of skills and experience. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgments and expertise to the Board. The Chairman is a Non-Executive Director and is not involved in the daily operations of the Company. As Chairman, he ensures proper balance of power and authority on the Board by encouraging robust discussions during meetings. The Independent Directors also provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

The Independent Non-Executive Directors are persons of high calibre, credibility and have the skills and experience to bring an independent judgement on issues of strategy, performance and resources including key appointments and standards of conduct. The Independent Non-Executive Directors constitute one-third of the membership of the Board.

Madam Seow Nyoke Yoong is the Senior Independent Non-Executive Director to whom all concerns or queries pertaining to the Company may be conveyed to shareholders and stakeholders.

8. Tenure of an Independent Director

The Board assesses the independence of the Independent Directors annually. The Independent Directors with their varied backgrounds bring with them an external perspective, helping to develop and strengthen the Company's policies and procedure contributing to the strategy and goals of the Company by being objective and assessing the business direction in an unbiased perspective.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated.

In accordance with the Company's Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board subject to the director's re-designation as a Non-Independent Director.

The Board must justify and seek shareholder's approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

However, if the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders, in accordance with the MCCG.

The Board has through the NC, assessed Encik Abd Malik Bin A Rahman and Madam Seow Nyoke Yoong and have them to be independent in character and judgment, independent of management and free from any relationships or circumstances which are likely to affect or could appear to affect their independent judgment.

The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors who have a strong understanding of the Group's culture, practices and business direction and who have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

Corporate Governance Overview Statement (cont'd)

8. Tenure of an Independent Director (Cont'd)

Based on the recommendation of the NC, the Board will be seeking shareholders' approval to retain Encik Abd Malik Bin A Rahman and Madam Seow Nyoke Yoong as Independent Directors at the Eighteenth Annual General Meeting ("AGM") of the Company via a two-tier voting process.

Key justifications for the recommended continuance as Independent Non-Executive Director for the Directors can be found in the Notice of Eighteenth AGM.

9. Board Diversity

The Board had on 23 May 2017, adopted the Boardroom Diversity Policy. The Board's policy is to consider candidates from a various backgrounds, without discrimination to gender, age and ethnicity when deciding on appointments to the Board. An overriding principle is that all appointments to the Board will be based upon on merit, experience, qualification, character, time commitment and integrity and contribution the candidates may bring to the Board.

The Company has not set any specific target for female directors on the Board. At present, the Company has one-third female representation on its Board as two (2) out of six (6) Directors are female.

The Company has not set any specific target for age and ethnic diversity in the boardroom but will continue to review the composition of the Board with a view of having a well-balanced age diversity and multi-ethnicity representation on the Board.

The Boardroom Diversity Policy can be found at the Company's corporate website at www.cylcorporation.com.

10. Sourcing of Directors and Chairmanship of the NC

The NC is tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. In making these recommendations, the NC shall assess the suitability of candidates, taking into account the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

The NC shall be chaired by an Independent Director or the Senior Independent Non-Executive Director. This is contained in the Terms of Reference of the NC. The Terms of Reference of NC was last reviewed by the Board on 21 May 2018. The full Terms of Reference of NC is available for reference in the Company's corporate website at www.cylcorporation.com.

Corporate Governance Overview Statement (cont'd)

11. NC

The Board established the NC on 24 December 2003. The NC comprises exclusively Non-Executive Directors with a majority of them being Independent Directors. The composition of the NC is set out on page 6 of this report.

The NC shall meet at least once a year. The attendance of the NC members is as follows:-

Name of NC Members	No. of Meetings Attended
Seow Nyoke Yoong (Chairman)	3/3 (100%)
Tan Sri Abu Talib Bin Othman	3/3 (100%)
Abd Malik Bin A Rahman	3/3 (100%)

12. Board Assessment

The NC evaluates the performance of the Board members on an annual basis. The Board committees are also reviewed annually by the NC for their performance and effectiveness.

The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committee's performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skill, experience and size of the Board and assessment on independence amongst others.

The Directors' responses are then collated by the Company Secretaries and a summary of the findings would be submitted to the NC for deliberation. The NC would review the summary, assess and make recommendations to the Board.

The Board, upon the assessment and recommendation made by the NC, is satisfied and believed that the individual Directors appointed to the Board are of high calibre, integrity and experienced and can be entrusted to discharge their duties and responsibilities effectively.

13. Summary of Activities undertaken by the NC

The following activities were undertaken by NC for the financial year ended 31 January 2018:-

a) recommended to the Board the appointment of Mr Chen Teck Shin as Executive Director;

b) recommended to the Board the appointment of Madam Seow Nyoke Yoong as a member of the RC;

c) reviewed and assessed the size, required mix of skills, experience and other qualities, including core competencies and effectiveness of the Board/Board Committees as a whole as well as the contribution from each of the individual Director of the Company. The evaluation process included a peer and self-review assessment;

d) reviewed and recommended to the Board the re-election of Encik Abd Malik Bin A Rahman and Ms Chen Wai Ling who were to retire pursuant to Article 83 of the Company's Articles of Association, comprising part of the Constitution of the Company based on the assessment conducted;

e) assessed the independence of the Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities; and

f) recommended to the Board to seek annual shareholders' approval through a two-tier voting process at the forthcoming AGM to allow Encik Abd Malik Bin A Rahman and Madam Seow Nyoke Yoong, the Independent Non-Executive Directors to continue to act as Independent Non-Executive Directors.

Corporate Governance Overview Statement (cont'd)

14. Re-Election of Directors

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to election by shareholders at the Company's next AGM after their appointment.

The Constitution also provide that one-third of the Directors for the time being shall, retire from office and provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election.

This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately.

Directors who are retiring pursuant to Article 83 of the Company's Articles of Association, comprising part of the Constitution of the Company and subject to re-election, at the Eighteenth AGM are assessed by the NC before recommendations are made to the Board and shareholders are as follows:

a. Encik Abd Malik Bin A Rahman; and
b. Ms Chen Wai Ling.

15. Time Commitment of the Directors

The Company expects the Directors to give their time commitment in carrying out their duties and responsibilities as a Director. This includes at least 50% attendance at the Board meetings held in each financial year. Directors are also required to attend regular meetings of any Board Committee of which they are a member of. In addition, they would be expected to devote appropriate preparation time ahead of each meeting.

The Board held five (5) meetings during the financial year to discuss the performance of the Group. The agenda of each Board meeting is circulated to all the Directors in advance for their perusal and understanding. Before the beginning of each calendar year, an annual meeting calendar is prepared and circulated to Directors for their forward planning. The attendance of the Board members is as follows:-

Name of Directors	No. of Meetings attended during the financial year
Tan Sri Abu Talib Bin Othman	5/5 (100%)
Chen Yat Lee	5/5 (100%)
Lau Kim Lian (demised on 14 May 2017)	1/1 (100%)
Chen Teck Shin (appointed on 23 May 2017)	4/4 (100%)
Chen Wai Ling	5/5 (100%)
Seow Nyoke Yoong	5/5 (100%)
Abd Malik Bin A Rahman	5/5 (100%)

To fulfil their roles and responsibilities, each Director holds no more than five (5) directorships in listed corporations in accordance with Paragraph 15.06 of the MMLR of Bursa Securities. All Directors of the Company currently adhere to this requirement. The Directors are also required to notify the Board's Chairman when accepting new directorships in other companies. Such notification is expected to include an indication of time that will be spent on the new appointment.

Corporate Governance Overview Statement (cont'd)

16. Continuing Education and Training of Directors

The Board constantly reminds and encourages its Directors to attend seminar, courses and conferences to enhance their skills and knowledge to enable them to discharge their fiduciary duties to the Company. All Directors have completed the Mandatory Accreditation Programme ("MAP") required by Bursa Securities.

All Directors have attended one or more of the following training programmes during the financial year ended 31 January 2018:-

Directors	List of Training Programmers/ Seminars/ Conference Attended	Date of Attendance
Tan Sri Abu Talib Bin Othman	▪ Company Law 2016: Total Revamp with Huge Tax Planning Opportunities (Synergy TAS PLT)	8 May 2017
Chen Yat Lee	▪ 13th Tricor Tax and Corporate Seminar (Tricor Tax Services Sdn Bhd)	8 November 2017
Chen Teck Shin	▪ MAP for Directors of Public Listed Companies (The Iclif Leadership and Governance Centre)	28-29 September 2017
Chen Wai Ling	▪ Seminar MEF 2017 – Taxation and Employers ▪ Lotte Chemical Titan's Product Seminar ▪ 13th Tricor Tax and Corporate Seminar (Tricor Tax Services Sdn Bhd)	18 April 2017 19 April 2017 8 November 2017
Seow Nyoke Yoong	▪ Compliance with Companies Act 2016 ▪ Building a High Performance Board	20 February 2017 21 July 2017
Abd Malik Bin A Rahman	▪ The New Companies Act 2016 - "Raising The Bar for Directors" (ARAM Global Sdn Bhd) ▪ What Directors Need To Know on Reporting & Disclosure Obligations to Prevent Public Reprimand & Fines by the Regulators (Bursatra Sdn Bhd) ▪ Efficient Inefficiency: Making Boards Effective in a Changing World (FIDE Forum/Bank Negara Malaysia) ▪ Compliance Conference 2017 (Bank Negara Malaysia) ▪ Companies Act 2016 - Key changes and implications to Board (Affin Hwang Capital/ Azmi & Associate) ▪ AMLATFPUAA 2001: Risk, Challenges & Vulnerabilities Towards Risk Based Approach (Affin Hwang Capital/Sheila Hussain Vijay & Partners) ▪ Update: Code of Corporate Governance 2016 & Companies Act 2016 (Affin Holdings Berhad/Boardroom Corporate Services/ Messrs Christopher & Lee Ong) ▪ Conference Series 2017 - Opportunities Amidst Geopolitical Shifts (Affin Hwang Capital) ▪ CG Breakfast Series for Directors: Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World (Bursa Malaysia)	29 March 2017 20 April 2017 4 May 2017 18 May 2017 17 July 2017 6 September 2017 14 September 2017 5 October 2017 13 October 2017

In addition, the Directors were briefed by the Company Secretaries, Internal Auditors and External Auditors on any updates or changes to the relevant guidelines on the regulatory and statutory requirements at Board meetings and AC meetings.

17. Remuneration Policies and Remuneration of Directors and Senior Management

The Company has established the RC on 24 December 2003. The Committee is set up to assist the Board in assessing the remuneration packages of the Executive Directors and Non-Executive Directors of the Company. The composition of the RC is set out on page 6 of this report.

The RC shall meet at least once a year. The attendance of the RC members is as follows:-

Name of RC Members	No. of Meetings Attended
Tan Sri Abu Talib Bin Othman (Chairman)	3/3 (100%)
Lau Kim Lian (demised on 14 May 2017)	1/1 (100%)
Abd Malik Bin A Rahman	3/3 (100%)
Seow Nyoke Yoong (appointed on 19 June 2017)	1/1 (100%)

The MCCG states that remuneration for Directors and Senior Management should be determined so as to ensure that the Company attracts, retains and motivate the right talent in the Board and Senior Management to run the Company efficiently. The remuneration for Managing Director and Executive Directors are structured so as to link reward to corporate and individual performance.

In the case of Non-Executive Directors, the Board believes that the level of remuneration should reflect the level of experience and responsibilities undertaken by the respective Directors.

The details of remuneration of Directors of the Company for the year ended 31 January 2018 are as follows:-

Company

	(in RM)					
	Fees	Salary and allowances	Bonus	EPF	Benefits-in-kind	Total
Chen Yat Lee	–	–	–	–	–	–
Lau Kim Lian (demised on 14 May 2017)	–	–	–	–	–	–
Chen Teck Shin (appointed on 23 May 2017)	–	–	–	–	–	–
Chen Wai Ling	–	–	–	–	–	–
Tan Sri Abu Talib Bin Othman	–	3,000	–	–	–	3,000
Abd Malik Bin A Rahman	48,000	3,000	–	–	–	51,000
Seow Nyoke Yoong	48,000	3,000	–	–	–	51,000
Total	96,000	9,000	–	–	–	105,000

Corporate Governance Overview Statement (cont'd)

17. Remuneration Policies and Remuneration of Directors and Senior Management (Cont'd)

The details of remuneration of Directors of the Company for the year ended 31 January 2018 are as follows:- (Cont'd)

Group

	(in RM)						
	Fees	Salary and allowances	Bonus	EPF	Benefits-in-kind	Provision for gratuity	Total
Chen Yat Lee	–	543,721	–	65,256	–	45,310	654,287
Lau Kim Lian (demised on 14 May 2017)	–	82,221	–	9,879	–	4,642	96,742
Chen Teck Shin (appointed on 23 May 2017)	–	304,000	–	36,480	–	18,667	359,147
Chen Wai Ling	–	272,000	–	32,640	–	84,333	388,973
Tan Sri Abu Talib Bin Othman	168,000	3,000	–	–	–	–	171,000
Abd Malik Bin A Rahman	48,000	3,000	–	–	–	–	51,000
Seow Nyoke Yoong	48,000	3,000	–	–	–	–	51,000
Total	264,000	1,210,942	–	144,255	–	152,952	1,772,149

The Company only has 5 Key Senior Management including the 3 Executive Directors. The remuneration of the Senior Management (excluding the Executive Directors) in bands of RM50,000 is disclosed below:-

Remuneration Bands	Number of Key Senior Management
RM100,001 – RM150,000	1
RM400,001 - RM450,000	1

The Board is of the view that disclosure on name basis the key Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 in accordance with the recommendation of Practice 7.2 of the MCCG is not in the best interest of the Group due to privacy issues.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

The Chairman of the AC is an Independent Director and he is not the Chairman of the Board.

All members of the AC are Non-Executives and two out of three members of the AC are Independent Directors.

The AC Report is set out on pages 32 to 34 of this Annual Report

2. Oversight of External Auditors by the AC

The Company has established and maintained an appropriate and transparent relationship with the Company's External Auditors, Deloitte PLT, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The AC had met the External Auditors twice without the Executive board members present during the financial year. The practice of periodically rotating the audit engagement partner, the engagement quality control review partner and key audit partners ensure an independent relationship between the Company and the External Auditors. Apart from that, during the Audit Planning stage, independence is further enhanced with the External Auditors providing a summary of their internal policies and important safeguards and procedures to address threats to the independence and objectivity of the audit.

The AC assesses the level of service provided by the External Auditors, taking into account the following, amongst others:

- level of service, independence and level of non-audit services rendered by them;
- quality and scope of the planning of the audit in assessing risks and how they maintain or update the audit plan to respond to changing risks and circumstances;
- sufficient resources allocated to the audit and the ability to perform and work within the agreed timeframe;
- quality and timeliness or reports furnished to the AC;
- ability to provide constructive observation and recommendations on areas requiring improvements and their level of engagement with the AC;
- level of understanding demonstrated of the Group's business;
- communication to the AC about new and applicable accounting practices and auditing standards and the impact on the Company's financial statements; and
- reasonableness of the audit fee given the scope of audit.

Deloitte PLT has declared to the AC that they are in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Professional Accountants of Malaysian Institute of Accountants.

On 19 March 2018, the AC conducted an annual assessment on the External Auditors. The AC, having assessed the independence of Deloitte PLT as well as reviewed the level of non-audit services rendered by them for the financial year ended 31 January 2018, was satisfied with their suitability, objectivity and independence. The Board, based on the AC's recommendation, will be tabling their re-appointment for shareholders' approval at the Eighteenth AGM.

On 23 May 2017, the Board, based on the recommendation of the AC, formally established and adopted the Policy for External Auditors. The policy for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC has been included in the AC's Terms of Reference which is published on the Company's website.

Corporate Governance Overview Statement (cont'd)

3. Financial literacy of the AC

The AC rely upon the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and provide oversight on the risk management framework of the Group.

Directors including the AC members continue to undergo training periodically during the financial year, based on individual learning requirements as well as financial and corporate developments.

4. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

The Group's Statement on Risk Management and Internal Control is set out on pages 35 and 36 of this Annual Report.

The Board acknowledges the need to maintain a sound system of internal controls within the Group in order to safeguard shareholders' interest of the Group's assets. The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the AC.

The internal audit function is outsourced to an independent professional services firm namely Kloo Point Risk Management Services Sdn Bhd to assist the AC in assuming the task of internal control review and risk assessment functions of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. The Internal Auditors report directly to the AC.

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

1. Communication with Stakeholders

Corporate Disclosure Policies

The Board acknowledges the need for the shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations. The Board has adopted the Corporate Disclosure Policy on 24 June 2013.

The Corporate Disclosure Policy is made available for reference in the Company's corporate website at www.cylcorporation.com.

2. Leverage on Information Technology for Effective Dissemination of Information

Shareholders are invited to access the Company's corporate website at www.cylcorporation.com as well as Bursa Securities' corporate website at www.bursamalaysia.com to obtain the latest information of the Group. The relevant announcements such as quarterly financial results of the Company and dividend declared by the Company can be accessed via the Newsroom section of the website.

3. Conduct of General Meetings

The Board encourages participation of shareholders at every general meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.

The Notice of the Seventeenth AGM was circulated twenty-eight (28) days prior to the date of the meeting whereas the Notice of the Eighteenth AGM is circulated more than one (1) month before the date of the meeting. This would give shareholders more time to go through the Annual Report.

At the Seventeenth AGM held on 19 July 2017, all Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company. The Chairman invited the members, corporate representatives and proxies who were present to raise questions pertaining to the Company's Audited Financial Statements and proposed resolutions set out in the Notice of the Seventeenth AGM, before putting the resolutions to vote. The Senior Management and External Auditors were also present to respond to queries from shareholders.

4. Encourage Poll Voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. At least one (1) independent scrutineer must be appointed to validate the votes cast at the general meeting.

At the Seventeenth AGM held on 19 July 2017, all resolutions set out in the Notice were voted by way of poll. The Company would be conducting the voting by poll on all resolutions tabled during the Eighteenth AGM which will be held on 18 July 2018. An independent scrutineer will be appointed to validate the votes cast at the Eighteenth AGM.

5. Effective Communication and Proactive Management

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely, and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the MMLR of Bursa Securities pertaining to continuing disclosures; it also adopts the best practices as recommended in the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.

The Annual Report is the main channel of communication between the Company and its shareholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MMLR of Bursa Securities.

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors.

Corporate Governance Overview Statement (cont'd)

6. Compliance and Applicable Financial Reporting Standards

The Board aims to provide and present a true and fair view of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results to the shareholders as well as the Chairman's statement in the Annual Report. The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The financial statements are prepared in compliance with Malaysian Financial Reporting Standards and disclosure requirements of the MMLR of Bursa Securities. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities. The Board deliberated on the quarterly financial results through the analysis of income and expenditures against budget, previous quarter and previous year's corresponding quarter.

7. Corporate Social Responsibility

With regard to Corporate Social Responsibility, the Group is guided in every aspect of its operations by recognising that respect and fair regard are best earned by always conducting affairs in a responsible manner. The Group also recognises that the Group's stakeholders comprise not only its customers, employees and business associates, but also the communities in which the Group operates. It follows that the Group will continue to look after the environment, response to those in need as well as support causes related to education, personal development of young people, well-being of under-privileged and natural disaster victims.

OTHER COMPLIANCE INFORMATION

(Pursuant to Paragraph 9.25(1) of the Main Market Listing Requirements)

MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiary company involving the interest of Directors and/or substantial shareholders entered into since the end of the financial year.

UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposals during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The Company did not seek any shareholders' mandate in respect of RRPT of a revenue or trading nature.

AUDIT AND NON-AUDIT FEE

The audit and non-audit fees paid or payable by the Company and the Group to the External Auditors and their affiliated companies for the financial year ended 31 January 2018 are set out as below:-

Fee	Company (in RM)	Group (in RM)
Audit	22,000	74,500
Non-audit	4,800	20,150

AUDIT COMMITTEE REPORT

COMPOSITION

The present AC comprises:-

Name	Designation	Directorship
Abd Malik Bin A Rahman	Chairman	Independent Non-Executive Director
Tan Sri Abu Talib Bin Othman	Member	Non-Independent Non-Executive Director
Seow Nyoke Yoong	Member	Senior Independent Non-Executive Director

The AC's Chairman, Encik Abdul Malik bin A Rahman is a Chartered Accountant and member of the Malaysian Institute of Accountants (MIA). He is also a Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Certified Public Accountants and a Certified Financial Planner (USA). He is a member of both the Malaysian Institute of Management and Chartered Management Institute (UK). The performance of the AC and its members are assessed by the Board through the NC on an annual basis.

The Board is satisfied that the AC members have discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the AC, thereby supporting the Board in ensuring appropriate Corporate Governance standards within the Group.

The Terms of Reference of the AC was last reviewed on 21 May 2018 and is available on the Company's corporate website at www.cylcorporation.com.

SUMMARY OF THE WORK OF THE AC DURING THE FINANCIAL YEAR

During the financial year, a total of five (5) AC meetings were held and the attendance of the members is as follows:-

Name of AC Members	No. of Meetings Attended
Abd Malik Bin A Rahman (Chairman)	5/5
Seow Nyoke Yoong	5/5
Tan Sri Abu Talib Bin Othman	5/5

The work undertaken by the AC for the financial year is as follows:-

(a) Financial Reporting

The AC reviewed the Group's quarterly unaudited financial results, Annual Report and Annual Audited Financial Statements during its meetings held on 19 June 2017, 25 September 2017, 18 December 2017, 19 March 2018 and 21 May 2018 before recommending them to the Board for approval. The review was to ensure that the Audited Financial Statements and quarterly unaudited financial results were prepared in accordance with:-

- MMLR of Bursa Securities;
- Applicable approved accounting standards; and
- Other relevant legal and regulatory requirements.

Audit Committee Report (cont'd)

(b) External Audit

On 25 September 2017, the AC evaluated the External Audit Plan presented by the External Auditors. Having given due consideration to the scope of works and independence policies of the External Auditors, the AC approved the said Plan.

On 21 May 2018, the AC went through the draft Audited Financial Statements with the External Auditors. The External Auditors presented their Final Report to Those Charged with Governance in respect of the audit for the financial year ended 31 January 2018.

The AC received assurance from the External Auditors that they were independent from the Group and in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) for the Professional Accountants of Malaysian Institute of Accountants.

After having deliberated on the draft Audited Financial Statements, the AC reviewed and recommended the same to the Board for approval.

The AC conducted two (2) meetings with the External Auditors without the presence of the Executive Directors and executive team of the Group on 25 September 2017 and 21 May 2018.

The AC noted that the non-audit fees charged for services rendered to the Group and the Company by the External Auditors and its affiliates in Malaysia for the financial year ended 31 January 2018 amounted to RM20,150 and RM4,800 respectively.

(c) Internal Audit

The AC had on 20 March 2017, reviewed and approved the Internal Audit Plan for the financial year ended 31 January 2018. The plan was developed by the Internal Auditors upon discussion with Management and based on their observations on the prior audits.

The Internal Auditors had on 20 March 2017, 25 September 2017 and 19 March 2018 presented the Internal Audit Reports and Internal Audit Progress Reports to the AC. At the conclusion of the internal audit reviews, the weaknesses, recommended corrective actions to be taken and Management's response were highlighted and reported to the AC. Subsequently, follow-up reviews were conducted to ensure that corrective actions were accordingly implemented by Management.

The AC conducted two (2) meetings with the Internal Auditors without the presence of the Executive Directors and executive team of the Group on 20 March 2017 and 25 September 2017.

The AC also discussed on the Internal Audit fees and recommended the same to the Board for approval.

(d) Other activities

(i) Reviewed and approved the minutes of the AC meetings;
(ii) Reviewed the recurrent related party transactions entered into by the Group; and
(iii) Reviewed the extent of the Group's compliance with the provisions set out under the Code for the purpose of preparing the Corporate Governance Overview Statement to be included in the Annual Report.

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION

The Internal Audit Function, which is outsourced to a professional services firm, Kloo Point Management Services Sdn Bhd, assists the AC in ensuring the adequacy and effectiveness of the internal control systems. The activities of the Internal Audit Function during the financial year ended 31 January 2018 were as follows:

(a) regular review of business processes with Management in accordance with the Internal Audit Plan approved by AC;

(b) reported the results of internal audit reviews and provided recommendations for improvement to AC on a periodic basis; and

(c) followed up on the implementation of audit recommendations and action plans agreed upon by Management.

During the year, the Internal Auditors have carried out reviews on the areas related to receiving of raw material and its stock control, production yield control systems, Goods and Service Tax process and payment processing review. There were no weaknesses in the system of internal control that has resulted in any material losses, contingencies or uncertainties, which would require disclosure in the Company's Annual Report.

The costs incurred in respect of the internal audit reviews performed by the professional services firm was RM28,000 for the financial year ended 31 January 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control has been prepared in accordance with the “Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuers”, Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 9.2 of the Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITIES

The Board acknowledges the importance of good practice of corporate governance and is committed to maintaining a sound system of internal control and for reviewing its effectiveness, adequacy and integrity.

The Board recognises that for the Group to achieve its business objectives and sustain success, it is vital that the risk management and internal control processes of the Group are effective.

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control as prescribed above.

Due to the limitations that are inherent in any internal control system, the Group’s system of internal control can only manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Notwithstanding this, the Board requires that the procedures and controls in place are subject to regular review as part of an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has received assurance from the Managing Director and the Executive Director (being the Director who is primarily responsible for the financial management of the Company) that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

RISK MANAGEMENT FRAMEWORK

The Board is responsible for reviewing the Group’s system of control based on an ongoing process designed to identify principal risks to the achievement of strategic goals and business objectives and to manage those risks efficiently, effectively and economically.

The Group has in place Standard Operating Policies and Procedures for its main business cycles highlighting the control objectives, policies, procedures, authority and responsibility of each cycle.

The Board engages the services of an outsourced Internal Audit firm to review a wide scope of areas i.e. finance functions, human resource, production and operations to occupational health and safety so as to identify any weaknesses in internal controls. The management is pro-active in identifying new areas for the Internal Auditors to conduct their testing one of which is the secondary process operations and control.

During the financial year, currency fluctuations posed an insignificant risk to the operations of the Group. The developments surrounding the factors affecting the currencies were closely monitored and decisions were made based on the trend of the currency in the long term.

The Audit Committee (“AC”) reviews internal control issues identified by the Internal Auditors and by Management. In the process, it evaluates the adequacy and effectiveness of the Group’s risk management and internal control system.

INTERNAL CONTROL SYSTEM

The Board is satisfied that the system of internal control is adequate.

The internal audit review on Group and Company’s operations was carried out throughout the year by an independent professional services firm. The internal audit team undertakes internal audit review based on the annual audit plan that is developed taken into consideration the concerns of management and key risk areas. The Internal Audit Plan is reviewed and approved each year by the AC.

Statement on Risk Management and Internal Control (cont'd)

The internal audit team reviews the adequacy and effectiveness of the internal control systems of the business units, and advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

The internal audit reports are submitted to the AC and the audit issues are discussed during the AC meetings. The AC is responsible for the development and maintenance of the internal control framework and determining that all major issues reported have been satisfactorily resolved. Finally, the committee reports to the Board its activities, significant results, findings together with ideas and recommendations to improve the internal control systems.

During the year, the areas of review were receiving of raw material and its stock control, production yield control systems, Goods and Service Tax process and payment processing review. There were no significant findings from the reviews conducted by the Internal Auditors.

The External Auditors had during the course of their audit work reviewed the Internal Audit Report and Internal Audit Progress Reports and is satisfied that it is adequate. The External Auditors had also reviewed the Statement on Risk Management and Internal Control.

The principal features of the Group's internal control structures which are conducive toward achieving a sound system of internal control are summarised as follows:-

<u>Organisational structure and responsibility levels</u>

The Group has a defined organisational structure which stipulates the reporting functions of business units and employees. Delegation of authority is established which sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board's approval.

<u>Reporting and review</u>

The Group's management teams carry out monthly monitoring and review of operational and financial results for all business units within the Group, including monitoring and reporting thereon, of performance against management's target and plans.

<u>Information and Communication</u>

The Group is progressively developing and enhancing its group operating policies and procedures to address the changing environment of its business operations and practices.

The Standard Operating Procedures Manual developed by the management set out the policies, procedures and practices to identify and mitigate risks, and to ensure that their reporting and compliance objectives are met. The Manuals are to be adopted by all companies in the Group to ensure that all personnel receive a clear message regarding their role in the internal control system.

The Group's management teams communicate regularly to monitor operational and financial performance as well as formulate action plans to address any area of concern. Scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.

CONCLUSION

The Board is of the view that there are no significant weaknesses in the system of internal control of the Group for the financial year ended 31 January 2018. The Group continues to take the necessary measures to strengthen its internal controls.

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors on 21 May 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 January 2018 the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed. The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

DIRECTORS' REPORT

The directors of **CYL CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2018.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The information of the name, place of incorporation, principal activities, and percentage of issued share capital held by holding company in the subsidiary company is as disclosed in Note 12 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	**The Company RM**
Profit for the year, net of tax	1,149,754	4,002,784

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

DIVIDENDS

Since the end of the previous financial year, the amounts of dividends paid or declared by the Company are in respect of the following:

(a) A second interim tax-exempt dividend of 2.00 sen per ordinary share, amounting to RM2,000,000 was declared in respect of the previous financial year and dealt with in the previous directors' report were paid on 16 June 2017; and

(b) A first interim tax-exempt dividend of 2.00 sen per ordinary share, amounting to RM2,000,000 was declared in respect of the current financial year. This dividend was paid on 16 January 2018.

Subsequent to the end of the financial year, on 19 March 2018, a second interim tax-exempt dividend of 2.00 sen per ordinary share, amounting to RM2,000,000 was declared in respect of the current financial year. The second interim tax-exempt dividend will be paid on 12 June 2018 to shareholders whose names appear in the Record of Depositors on 28 May 2018. This dividend has not been included as a liability in the statements of financial position as of 31 January 2018.

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that no allowance for doubtful debts was necessary; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or the setting up of an allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) 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.

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

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

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

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

In the opinion of the directors, 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 operations of the Group and of the Company in the financial year in which this report is made.

Directors' Report (cont'd)

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Abu Talib bin Othman
Chen Yat Lee
Abd Malik bin A Rahman
Seow Nyoke Yoong
Chen Wai Ling
Chen Teck Shin (appointed on 23.5.2017)
Lau Kim Lian (deceased on 14.5.2017)

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares			
	Balance at 1.2.2017	**Bought**	**Sold**	**Balance at 31.1.2018**
Registered in name of directors				
Tan Sri Abu Talib bin Othman	16,406,258	–	(106,000)	16,300,258
Chen Yat Lee	34,801,800	–	–	34,801,800
Abd Malik bin A Rahman	20,000	–	–	20,000

By virtue of the above directors' interest in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiary company to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or of its subsidiary company during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transaction between the subsidiary company and a director of the Company as disclosed in Note 16 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 January 2018 is as disclosed in Note 6 in the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the directors,

....
CHEN YAT LEE

....
CHEN TECK SHIN

Shah Alam,
21 May 2018

INDEPENDENT AUDITORS' REPORT

To the Members of CYL Corporation Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CYL CORPORATION BERHAD**, which comprise the statements of financial position as of 31 January 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 85.

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 of 31 January 2018, and of their financial performance and their 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 opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How the matter was addressed in the audit
We have identified timely recognition of revenue as a key audit matter because the Group has a risk of recognising the revenue in advance of risk and rewards of ownership of finished goods transferred to external customers. The accounting policies for revenue recognition are set out in Note 3 to the financial statements.	Our audit approach included both controls testing and substantive procedures as follows: • We evaluated and tested the business process controls surrounding the timing of revenue recognition and also obtained update on the understanding of timing of revenue recognition process. • We reviewed the terms and conditions of major sales transactions to identify event that lead to the risk and rewards of ownership of finished goods transferred to customers and ascertained whether revenue recognition conforms with the requirements of MFRS 118 Revenue. • We tested a sample of invoices issued before year end to ascertain whether the risk and rewards of ownership on finished goods had been transferred to the customers before year end.

Independent Auditors' Report (cont'd)

Key Audit Matters	How the matter was addressed in the audit
	• We tested a sample of delivery orders issued after year end to ascertain whether the risk and rewards of ownership on finished goods had been transferred to the customers before year end. • We tested a sample of credit notes issued after year end to ascertain any condition arises before year end which revenue should not be recognised in advance of risk and rewards of ownership on finished goods transferred to customers. • We tested supporting evidence for manual journal entries posted to revenue accounts at the end of the financial year to identify any revenue recognised in advance of risk and rewards of ownership on finished goods transferred to customers.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditors' Report (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Independent Auditors' Report (cont'd)

Other Matter

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 contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KHONG SIEW CHIN
Partner - 03049/03/2019 J
Chartered Accountant

21 May 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 January 2018

	Note	The Group 2018 RM	The Group 2017 RM (Restated)	The Company 2018 RM	The Company 2017 RM
Revenue	5	58,627,751	64,977,937	4,297,500	4,275,500
Other income	6	584,481	521,238	–	–
Interest income from short-term deposits		175,783	200,723	–	–
Fair value gain on other investments		5,698	–	–	–
Changes in inventories of finished goods		(146,260)	(682,940)	–	–
Raw materials and consumables used		(35,540,450)	(37,027,724)	–	–
Employee benefits expense	6	(6,721,760)	(8,046,143)	–	–
Remuneration of key management personnel	7	(1,772,149)	(1,638,348)	(105,000)	(105,000)
Depreciation of property, plant and equipment	11	(4,579,879)	(4,990,021)	–	–
Other expenses	6	(9,065,100)	(10,123,661)	(189,716)	(170,131)
Profit before tax		1,568,115	3,191,061	4,002,784	4,000,369
Tax expense	8	(418,361)	(388,188)	–	–
Profit for the year		1,149,754	2,802,873	4,002,784	4,000,369
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Reversal of deferred tax liability pertaining to gain on revaluation of properties	21	37,302	37,302	–	–
Total comprehensive income for the year		1,187,056	2,840,175	4,002,784	4,000,369
Earnings per ordinary share					
Basic (sen)	9	1.15	2.80		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

As of 31 January 2018

	Note	The Group 31.1.2018 RM	31.1.2017 RM (Restated)	1.2.2016 RM (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	11	54,690,125	58,107,852	59,316,673
Current Assets				
Inventories	13	5,441,798	6,124,189	6,559,406
Trade receivables	14	12,299,868	13,519,384	14,176,173
Other receivables, deposits and prepayments	15	1,700,599	744,641	673,187
Other investments	17	1,505,698	–	–
Short-term deposits with a licensed investment bank	25	4,544,196	5,368,412	7,667,689
Cash and bank balances	25	707,880	1,992,012	641,859
Total Current Assets		26,200,039	27,748,638	29,718,314
TOTAL ASSETS		80,890,164	85,856,490	89,034,987
EQUITY AND LIABILITIES				
Capital and Reserve				
Share capital	18	51,504,405	51,504,405	50,000,000
Share premium	19	–	–	1,504,405
Retained earnings	19	15,735,718	18,548,662	20,708,487
Shareholders' Equity		67,240,123	70,053,067	72,212,892
Non-Current Liabilities				
Deferred tax liabilities	21	4,373,175	4,665,060	5,030,140
Provision for gratuity payment	22	1,133,404	985,094	1,072,160
Total Non-Current Liabilities		5,506,579	5,650,154	6,102,300
Current Liabilities				
Trade payables	23	5,792,325	8,059,684	8,295,205
Other payables and accrued expenses	24	1,914,871	1,758,211	1,883,340
Provision for gratuity payment	22	243,348	238,706	–
Tax liabilities		192,918	96,668	541,250
Total Current Liabilities		8,143,462	10,153,269	10,719,795
Total Liabilities		13,650,041	15,803,423	16,822,095
TOTAL EQUITY AND LIABILITIES		80,890,164	85,856,490	89,034,987

Statements of Financial Position (cont'd)

	Note	The Company 2018 RM	2017 RM
ASSETS			
Non-Current Assets			
Investment in subsidiary company	12	51,317,184	51,317,184
Current Assets			
Other receivables, deposits and prepayments	15	40	40
Amount owing by subsidiary company	16	2,232,494	2,233,019
Cash and bank balances	25	12,624	6,319
Total Current Assets		2,245,158	2,239,378
TOTAL ASSETS		53,562,342	53,556,562
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	18	51,504,405	51,504,405
Retained earnings	19	2,004,654	2,001,870
Shareholders' Equity		53,509,059	53,506,275
Current Liability			
Other payables and accrued expenses	24	53,283	50,287
Total Current Liability		53,283	50,287
Total Liabilities		53,283	50,287
TOTAL EQUITY AND LIABILITIES		53,562,342	53,556,562

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 January 2018

The Group	Note	Share Capital RM	Share Premium RM	Retained Earnings RM	Total RM
Balance as of 1 February 2016					
As previously reported		50,000,000	1,504,405	21,523,329	73,027,734
Prior years' adjustment	29	–	–	(814,842)	(814,842)
As restated		50,000,000	1,504,405	20,708,487	72,212,892
Dividends paid	10	–	–	(5,000,000)	(5,000,000)
Profit for the year		–	–	2,802,873	2,802,873
Other comprehensive income for the year	21	–	–	37,302	37,302
Total comprehensive income for the year		–	–	2,840,175	2,840,175
Transfer arising from "no par value" regime	18	1,504,405	(1,504,405)	–	–
Balance as of 31 January 2017, as restated		51,504,405	–	18,548,662	70,053,067
Balance as of 31 January 2017/ 1 February 2017					
As previously reported		51,504,405	–	19,478,750	70,983,155
Prior years' adjustment	29	–	–	(930,088)	(930,088)
As restated		51,504,405	–	18,548,662	70,053,067
Dividends paid	10	–	–	(4,000,000)	(4,000,000)
Profit for the year		–	–	1,149,754	1,145,754
Other comprehensive income for the year	21	–	–	37,302	37,302
Total comprehensive income for the year		–	–	1,187,056	1,187,056
Balance as of 31 January 2018		51,504,405	–	15,735,718	67,240,123

Statements of Changes In Equity (cont'd)

The Company	Note	Share Capital RM	Share Premium RM	Retained Earnings RM	Total RM
Balance as of 1 February 2016		50,000,000	1,504,405	3,001,501	54,505,906
Dividends paid	10	–	–	(5,000,000)	(5,000,000)
Profit for the year		–	–	4,000,369	4,000,369
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	4,000,369	4,000,369
Transfer arising from "no par value" regime	18	1,504,405	(1,504,405)	–	–
Balance as of 31 January 2017/ 1 February 2017		51,504,405	–	2,001,870	53,506,275
Dividends paid	10	–	–	(4,000,000)	(4,000,000)
Profit for the year		–	–	4,002,784	4,002,784
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	4,002,784	4,002,784
Balance as of 31 January 2018		51,504,405	–	2,004,654	53,509,059

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

For the Year Ended 31 January 2018

	The Group		The Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit for the year	1,149,754	2,802,873	4,002,784	4,000,369
Adjustments for:				
Depreciation of property, plant and equipment	4,579,879	4,990,021	–	–
Tax expense	418,361	388,188	–	–
Inventories written down	345,108	274,692	–	–
Provision for gratuity payment	152,952	151,640	–	–
Interest income	(175,783)	(200,723)	–	–
Unrealised (gain)/loss on foreign exchange	(54,846)	156,682	–	–
Gain on disposal of property, plant and equipment	(17,999)	(87,735)	–	–
Fair value gain on other investments	(5,698)	–	–	–
Dividend income from subsidiary company	–	–	(4,297,500)	(4,275,500)
Operating Profit/(Loss) Before Working Capital Changes	6,391,728	8,475,638	(294,716)	(275,131)
Decrease/(Increase) in:				
Inventories	337,283	160,525	–	–
Trade receivables	1,220,000	628,797	–	–
Other receivables, deposits and prepayments	(63,794)	1,645	–	–
Amount owing by subsidiary company	–	–	22,525	7,119
(Decrease)/Increase in:				
Trade payables	(2,212,997)	(364,211)	–	–
Other payables and accrued expenses	156,660	(125,129)	2,996	1,820
Cash Generated From/ (Used In) Operations	5,828,880	8,777,265	(269,195)	(266,192)
Income tax paid	(576,694)	(1,160,548)	–	–
Dividends received	–	–	4,275,500	5,266,000
Net Cash From Operating Activities	5,252,186	7,616,717	4,006,305	4,999,808

STATEMENTS OF CASH FLOWS (cont'd)

	The Group		The Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Interest received	175,783	200,723	–	–
Proceeds from disposal of property, plant and equipment	18,000	87,736	–	–
Purchase of other investments	(1,500,000)	–	–	–
Purchase of property, plant and equipment (Note)	(1,115,619)	(3,680,641)	–	–
Refundable deposits paid for purchase of property, plant and equipment	(938,698)	(173,659)	–	–
Net Cash Used In Investing Activities	(3,360,534)	(3,565,841)	–	–
CASH FLOWS USED IN FINANCING ACTIVITY				
Dividend paid	(4,000,000)	(5,000,000)	(4,000,000)	(5,000,000)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(2,108,348)	(949,124)	6,305	(192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,360,424	8,309,548	6,319	6,511
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 25)	5,252,076	7,360,424	12,624	6,319

Note

Cash outflows on additions of property, plant and equipment is arrived at as follows:

	The Group	
	2018 RM	2017 RM (Restated)
Additions during the year (Note 11)	1,162,153	3,781,201
Less: Deposits paid in the preceding years	(46,534)	(100,560)
Cash payments	1,115,619	3,680,641

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 January 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally an investment holding company.

The subsidiary company is principally involved in the business of manufacturing and supplying of plastic packaging products.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at No. 12, Jalan Teluk Gadung 27/93, Section 27, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 21 May 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of new and revised MFRS

In the current year, the Group and the Company have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for accounting period that begins on or after 1 January 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 cycle

The adoption of these revised MFRSs and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

Notes to the Financial Statements (cont'd)

MFRSs, Amendments to MFRSs and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised MFRSs, amendments to MFRSs and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[1]
MFRS 15	Revenue from Contract with Customers (and the related Clarifications)[2]
MFRS 16	Leases[3]
MFRS 17	Insurance Contracts[5]
Amendments to MFRS 2	Clarification and Measurement of Share - based Payment Transactions[2]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[2]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement[3]
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures[3]
Amendments to MFRS 140	Transfers of Investment Property[2]
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]
IC Interpretation 23	Uncertainty over Income Tax Payments[3]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle[2]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle[3]

Amendments to References to the Conceptual Framework in MFRS Standards4

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. In addition, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss for annual periods beginning before 1 January 2018, as stated in paragraph 7.1.2 of MFRS 9.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

6 Effective date deferred to a date to be determined and announced by MASB.

The directors anticipate that the abovementioned MFRSs, amendments to MFRSs and IC Interpretation will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application except as disclosed below:

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduced new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes requirements for the classification and measurement of financial liabilities and for de-recognition, and in November 2013, the new requirements for general hedge accounting was issued by MASB. Another revised version of MFRS 9 was issued by MASB - MFRS 9 (IFRS 9 issued by IASB in July 2014) mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

(a) All recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

(b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

(c) In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

(d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on an analysis of the Group's and of the Company's financial assets and financial liabilities as of 31 January 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

Classification and Measurement

The Group's and the Company's financial assets and financial liabilities will continue to be classified and measured on the same basis as are currently adopted under MFRS 139.

Notes to the Financial Statements (cont'd)

Impairment

Financial assets measured at amortised cost under MFRS 9 will be subject to the impairment provisions of MFRS 9.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its financial assets measured at amortised cost.

In general, the directors anticipate that the application of the expected credit losses model of MFRS 9 will have no material impact to the financial statements.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for 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 to 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

(a) Step 1: Identify the contract(s) with a customer.
(b) Step 2: Identify the performance obligations in the contract.
(c) Step 3: Determine the transaction price.
(d) Step 4: Allocate the transaction price to the performance obligations in the contract.
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

In June 2016, the MASB issued Clarifications to MFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors intend to use the full retrospective method of transition to MFRS 15. The directors do not anticipate that the application of MFRS 15 will have a significant impact on the financial position and/or financial performance of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company 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 subsidiary company to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Financial Statements (cont'd)

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Employee Benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social contributions are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences are recognised when the absences occur.

(ii) Defined contribution plan

The Group is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to EPF are disclosed separately while the employees' contributions to EPF are included in salaries and wages. Once the contributions have been paid, the Group has no further payment obligation.

Foreign Currency Conversion

The financial statements of the Group and of the Company is presented in Ringgit Malaysia, the currency of the primary economic environment in which the Group and the Company operate (its functional currency).

Notes to the Financial Statements (cont'd)

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at that date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period in which they arose.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liability are not recognised if the temporary difference arises from the initial recognition of goodwill.

The tax effects of the unutilised investment allowances are recognised only upon actual realisation.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Financial Statements (cont'd)

Property, Plant and Equipment

Property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Depreciation of freehold buildings and freehold apartments are calculated using the reducing balance method whilst the depreciation of other property, plant and equipment are computed on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

Freehold buildings	Over 38-50 years
Freehold apartments	Over 45 years
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Motor vehicles	20%
Electrical installation	10%
Containers	10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of Assets

At the end of each reporting period, the Group and the Company review the carrying amounts of its non-current assets to determine whether there is any indication that these assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investment in Subsidiary Company

Investment in unquoted shares of subsidiary company, which is eliminated on consolidation, is stated at cost, less impairment losses.

Advances to subsidiary company of which settlement is neither planned nor likely in the foreseeable future is regarded as part of the Company's net investment in the subsidiary company.

Notes to the Financial Statements (cont'd)

Inventories

Inventories are stated at the lower of cost (determined on the 'first-in, first-out' method) and net realisable value.

The cost of raw materials and packing materials comprises the original cost of purchase plus the cost incurred in bringing the inventories to their present location. The cost of finished goods includes the cost of raw materials, direct labour and an appropriate proportion of the manufacturing overheads.

Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Borrowing Costs

Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events, it is probable that the Group and the Company will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Effective interest method

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

(b) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Financial Statements (cont'd)

(d) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(e) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and an equity instrument.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at 'FVTPL' or other financial liabilities'.

(d) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

(e) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, the directors of the Group and of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements (cont'd)

(i) Critical judgements made in applying accounting policies

In the application of the Group's and of the Company's accounting policies, which are described in Note 3, the directors of the Group and of the Company are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful lives of property, plant and equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. Property, plant and equipment are depreciated over their useful lives. The estimated useful lives is a matter of judgement based on experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variation in their carrying values.

Realisable value of inventories of packing materials

The amount of inventories written down in respect of the Group's packing materials is based on the directors' evaluation of realisability of the materials concerned. A considerable amount of judgement is required in assessing the net realisable value taking into consideration anticipated commercial and technical obsolescence.

Impairment of trade receivables

The Group assesses at the end of 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.

When 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 amounts of the Group's receivables at the reporting date is disclosed in Note 14. The Group expects that there will be no material differences between present value of estimated future cash flows and the carrying amount at the reporting date.

5. REVENUE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sales of goods	58,627,751	64,977,937	–	–
Dividend income (tax-exempt) from subsidiary company	–	–	4,297,500	4,275,500
	58,627,751	64,977,937	4,297,500	4,275,500

6. OTHER INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSE

Included in other income/(expenses) are the following:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Gain/(Loss) on foreign exchange:				
Realised	450,396	386,541	–	–
Unrealised	54,846	(156,682)	–	–
Gain on disposal of property, plant and equipment	17,999	87,735	–	–
Fair value gain on other investments	5,698	–	–	–
Insurance claim received	200	–	–	–
Inventories written down	(345,108)	(274,692)	–	–
Auditors' remuneration:				
Statutory audit	(74,500)	(75,000)	(22,000)	(22,000)
Other	(3,500)	(3,500)	(3,500)	(3,500)
Rental of staff apartments and houses payable to:				
A director (Note 16)	(21,600)	(21,600)	–	–
Third party	(3,636)	(3,690)	–	–

Included in employee benefits expense of the Group are contributions to EPF of RM567,001 (2017: RM634,170 made by the subsidiary company during the financial year.

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel who are also the directors is as follows:

	The Group		The Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
Executive directors:				
Other emoluments	1,201,942	1,083,117	–	–
Provision for gratuity payment	152,952	151,640	–	–
Contributions to EPF	144,255	130,591	–	–
Non-executive directors:				
Fees	264,000	264,000	96,000	96,000
Other emoluments	9,000	9,000	9,000	9,000
	1,772,149	1,638,348	105,000	105,000

Included in employee benefits expense are benefits in kind received/receivable by the directors during the year of RM167,929 (2017: RM233,474).

Notes to the Financial Statements (cont'd)

8. TAX EXPENSE

	The Group 2018 RM	The Group 2017 RM (Restated)	The Company 2018 RM	The Company 2017 RM
Estimated current tax payable:				
Current year	660,000	740,000	–	–
Under/(Over)provision in prior years	12,944	(24,034)	–	–
	672,944	715,966	–	–
Deferred tax (Note 21)				
Current year	(254,599)	(246,301)	–	–
Under/(Over)provision in prior years	16	(81,477)	–	–
	(254,583)	(327,778)	–	–
	418,361	388,188	–	–

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group 2018 RM	The Group 2017 RM (Restated)	The Company 2018 RM	The Company 2017 RM
Profit before tax	1,568,115	3,191,061	4,002,784	4,000,369
Tax at the applicable tax rate of 24%	376,348	765,854	960,668	960,089
Tax effects of:				
Expenses not deductible	201,499	185,662	70,732	66,031
Income not taxable	(43,556)	(48,173)	(1,031,400)	(1,026,120)
Utilisation of reinvestment allowances not recognised previously	(128,890)	(409,644)	–	–
Under/(Over)provision in prior years:				
Estimated tax payable	12,944	(24,034)	–	–
Deferred tax liability	16	(81,477)	–	–
Tax expense	418,361	388,188	–	–

As of the end of the reporting period, the subsidiary company has tax-exempt income from reinvestment allowances utilised of RM496,781 (2017: RM4,257,238) and tax waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 of RM2,385,714 (2017: RM2,385,714), subject to agreement by the Inland Revenue Board. The tax-exempt income is available for distribution of tax-exempt dividends by the subsidiary company.

Notes to the Financial Statements (cont'd)

As of the end of the reporting period, the Company has tax-exempt income amounting to RM5,541,720 (2017: RM5,244,220) arising from tax-exempt dividend income received from its subsidiary company, which is available for the distribution of tax exempt dividends to its shareholders.

9. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share has been computed based on the Group's profit for the year of RM1,149,754 (2017: RM2,802,873) divided by the number of ordinary shares in issue of 100,000,000 (2017: 100,000,000) during the financial year.

10. DIVIDENDS

	The Company	
	2018 RM	2017 RM
First interim tax-exempt dividend paid - 2.00 sen for financial year ended 31 January 2018 (2017: 2.00 sen for financial year ended 31 January 2017)	2,000,000	2,000,000
Second interim tax-exempt dividend paid - 2.00 sen for financial year ended 31 January 2017 (2017: 3.00 sen for financial year ended 31 January 2016)	2,000,000	3,000,000
	4,000,000	5,000,000

Subsequent to the end of the financial year, on 19 March 2018, a second interim tax-exempt dividend of 2.00 sen per ordinary share, amounting to RM2,000,000 was declared in respect of the current financial year. The second interim tax-exempt dividend will be paid on 12 June 2018 to shareholders whose name appear in the Record of Depositors on 28 May 2018. This dividend has not been included as a liability in the statements of financial position as of 31 January 2018.

Notes to the Financial Statements (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

The Group 2018	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Cost				
Freehold land	24,160,000	–	–	24,160,000
Freehold buildings	19,956,301	51,000	–	20,007,301
Freehold apartments	1,000,000	–	–	1,000,000
Plant and machinery	92,348,574	924,125	–	93,272,699
Office equipment	2,483,247	29,837	–	2,513,084
Furniture and fittings	546,650	1,260	–	547,910
Motor vehicles	5,475,302	155,931	(38,000)	5,593,233
Electrical installation	1,391,743	–	–	1,391,743
Containers	2,700	–	–	2,700
Total	147,364,517	1,162,153	(38,000)	148,488,670

The Group 2018	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM	Net Book Value RM
Accumulated Depreciation					
Freehold land	–	–	–	–	24,160,000
Freehold buildings	3,828,431	674,604	–	4,503,035	15,504,266
Freehold apartments	214,776	37,563	–	252,339	747,661
Plant and machinery	77,284,413	3,271,216	–	80,555,629	12,717,070
Office equipment	1,990,360	100,348	–	2,090,708	422,376
Furniture and fittings	513,508	7,757	–	521,265	26,645
Motor vehicles	4,111,406	475,985	(37,999)	4,549,392	1,043,841
Electrical installation	1,311,072	12,406	–	1,323,478	68,265
Containers	2,699	–	–	2,699	1
Total	89,256,665	4,579,879	(37,999)	93,798,545	54,690,125

Notes to the Financial Statements (cont'd)

The Group
2017

	At beginning of year RM	Additions RM	Disposals RM	At end of year RM
Cost				
Freehold land	24,160,000	–	–	24,160,000
Freehold buildings	19,887,255	69,046	–	19,956,301
Freehold apartments	1,000,000	–	–	1,000,000
Plant and machinery	89,472,758	2,875,816	–	92,348,574
Office equipment	2,353,457	129,790	–	2,483,247
Furniture and fittings	545,264	1,386	–	546,650
Motor vehicles	5,080,461	705,163	(310,322)	5,475,302
Electrical installation	1,391,743	–	–	1,391,743
Containers	2,700	–	–	2,700
Total	143,893,638	3,781,201	(310,322)	147,364,517

The Group
2017

	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM	Net Book Value RM
Accumulated Depreciation					
Freehold land	–	–	–	–	24,160,000
Freehold buildings	3,179,312	649,119	–	3,828,431	16,127,870
Freehold apartments	178,573	36,203	–	214,776	785,224
Plant and machinery	73,585,233	3,699,180	–	77,284,413	15,064,161
Office equipment	1,894,057	96,303	–	1,990,360	492,887
Furniture and fittings	504,316	9,192	–	513,508	33,142
Motor vehicles	3,934,110	487,617	(310,321)	4,111,406	1,363,896
Electrical installation	1,298,665	12,407	–	1,311,072	80,671
Containers	2,699	–	–	2,699	1
Total	84,576,965	4,990,021	(310,321)	89,256,665	58,107,852

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with an aggregate cost of RM69,989,412 (2017: RM63,016,645) as of 31 January 2018.

Notes to the Financial Statements (cont'd)

12. INVESTMENT IN SUBSIDIARY COMPANY

	The Company 2018 RM	2017 RM
Investment in unquoted shares - at cost	47,749,184	47,749,184
Advances forming part of net investment in subsidiary company	3,568,000	3,568,000
	51,317,184	51,317,184

An amount of RM3,568,000 (2017: RM3,568,000) representing interest-free advances whereby settlement is neither planned nor likely in the foreseeable future, have been presented as advances forming part of net investment in subsidiary company.

The details of the subsidiary company, which is incorporated in Malaysia, are as follows:

Name of Company	Proportion of ownership interest and voting power held by the Group 2018	2017	Principal Activities
Perusahaan Jaya Plastik (M) Sdn. Bhd.	100%	100%	Manufacturing and supplying of plastic packaging products

13. INVENTORIES

	2018 RM	2017 RM
Raw materials	2,318,007	2,917,620
Finished goods	1,892,935	2,039,195
Packing materials	1,230,856	1,167,374
	5,441,798	6,124,189

The cost of inventories recognised as an expense during the year was RM36,031,818 (2017: RM37,985,356).

During the year, the Group recognised packing materials written down to its net realisable value amounted to RM345,108 (2017: RM274,692).

All inventories are expected to be recovered within the next twelve months.

14. TRADE RECEIVABLES

Trade receivables of the Group comprise amounts receivable from sales of goods. The credit period granted to the customers ranges from 30 to 90 days (2017: 30 to 90 days). No interest is charged on the outstanding balance.

As of the end of the reporting period, there was significant concentration of credit risk arising from amounts owing by 4 (2017: 4) major customers which accounted for 83% (2017: 78%) of total trade receivables. The extension of credit to and the repayments from customers are closely monitored by the management to ensure that they adhere to the agreed credit term and policies.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Based on this assessment, management believes that setting up an allowance for impairment of trade receivables is not required. The Group does not hold any collateral over these balances.

Included in the Group's trade receivables are debtors with a carrying amount of RM1,718,319 (2017: RM2,657,576) which are past due at the reporting date for which the Group has not provided an allowance for doubtful receivables as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

Analysis of trade receivables as of the end of the reporting period is as follows:

	2018 RM	2017 RM
Neither past due nor impaired	10,581,549	10,861,808
Past due but not impaired:		
30 days and below	1,397,651	2,229,065
31 to 60 days	30,097	202,839
61 to 90 days	101,026	169,832
90 days and above	189,545	55,840
	1,718,319	2,657,576
Total trade receivables	12,299,868	13,519,384

The currency exposure profile of trade receivables is as follows:

	The Group	
	2018 RM	2017 RM
Ringgit Malaysia	12,186,328	13,432,407
United States Dollar	106,795	86,977
Singapore Dollar	6,745	–
	12,299,868	13,519,384

Notes to the Financial Statements (cont'd)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2018 RM	The Group 2017 RM
Refundable deposits	1,434,444	519,280
Prepayments	153,575	86,880
Other receivables	27,480	53,381
Transferable golf club membership - at cost	85,100	85,100
	1,700,599	744,641

	The Company 2018 RM	The Company 2017 RM
Other receivables	40	40

Included in refundable deposits as of end of the reporting period are deposits paid in respect of the acquisition of property, plant and equipment amounting to RM1,365,189 (2017: RM473,025).

16. RELATED PARTY TRANSACTIONS AND BALANCES

The ultimate controlling party was Mr. Chen Yat Lee, the director and shareholder of the Company.

The amount owing by the subsidiary company, which is unsecured, interest-free and receivable on demand, comprises the following:

	The Company 2018 RM	The Company 2017 RM
Dividend receivable (Note 5)	2,297,500	2,275,500
Advances and payments made on behalf	(65,006)	(42,481)
	2,232,494	2,233,019

Save as disclosed elsewhere in the financial statements, the related party, relationship and transaction with the Group are as follows:

Name of related party	Relationship
Mr. Chen Yat Lee	Shareholder and director of the Company

The financial statements of the Group includes the following related party transaction during the financial year, which is determined on a basis negotiated between the said parties:

	The Group 2018 RM	The Group 2017 RM
Mr. Chen Yat Lee:		
Rental of staff apartments payable	21,600	21,600

17. OTHER INVESTMENT

	The Group	
	2018 RM	2017 RM
At fair value:		
At beginning of year	–	–
Additions	1,500,000	–
Changes in fair value (Note 6)	5,698	–
At end of year	1,505,698	–

Other investment representing investment in a Shariah-compliant money market fund which is managed by a local financial institution. The fund's permitted investments are placement of Islamic deposits, short-term Islamic money market instruments and short-term sukuk.

Investment in money market fund is valued with reference to the latest unit price as of the reporting date as advised by the investment manager. As the fair value derived from quote published by local financial institution, the fair value of the Group's investment in unit trusts is classified as Level 2.

18. SHARE CAPITAL

	The Group and the Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
Ordinary shares:				
At beginning of year	100,000,000	51,504,405	100,000,000	50,000,000
Transfer from share	–	–	–	1,504,405
At end of year	100,000,000	51,504,405	100,000,000	51,504,405

The Group's and the Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM0.50 each. The new Companies Act, 2016 ("Act"), which came into operation on 31 January 2017, introduces "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provisions of the Act, the amount standing to the credit of the Group's and of the Company's share premium account has become part of the Group's and the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

However, the Group and Company have a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium account in a manner as specified by the Act.

19. SHARE PREMIUM AND RETAINED EARNINGS

(a) Share Premium

Share premium in 2016 arose mainly from the issuance of 92,141,996 and 7,858,000 new ordinary share of RM0.50 each in the Company at an issue price of approximately RM0.52 and RM0.65 per ordinary share persuant to the acquisition of the subsidiary company and public issue in prior years. Listing expenses of RM1,352,481 incurred by the Company were written off against the share premium account. During prior financial year, the amount standing to the credit of the Group's and the Company's share premium account has become part of the Group's and the Company's share capital (Note 18).

Notes to the Financial Statements (cont'd)

(b) Retained Earnings

The Company is currently under the single tier income tax system.

The entire retained earnings of the Company as of the end of the reporting period are available for distribution as single tier dividends under the single tier income tax system. Under this system, tax on a company's profit is a final tax and dividends distributed to shareholders will be exempted from tax.

20. BANKING FACILITIES

As of the end of the reporting period, the subsidiary company has bank overdraft and other credit facilities obtained from certain local banks amounting to RM6,350,000 (2017: RM6,350,000) which bear interest at rates ranging from 1.20% to 7.75% (2017: 1.20% to 7.75%) per annum.

As of the end of the reporting period, the subsidiary company has utilised credit facilities amounting to RM900,000 (2017: RM890,000).

The above banking facilities are secured by corporate guarantee by the Company.

21. DEFERRED TAX LIABILITIES

The Group
31.1.2018
(Restated)

	Opening balance RM	Recognised in profit or loss (Note 8) RM	Recognised in other comprehensive income RM	Closing balance RM
Deferred tax assets (before offsetting)				
Tax effect of temporary differences arising from provision	293,712	36,708	–	330,420
Offsetting	(293,712)	(36,708)	–	(330,420)
Deferred tax assets (after offsetting)	–	–	–	–
Deferred tax liabilities (before offsetting)				
Tax effect of temporary differences arising from:				
Property, plant and equipment	4,946,007	(231,038)	(37,302)	4,677,667
Trade payables	12,765	13,163	–	25,928
	4,958,772	(217,875)	(37,302)	4,703,595
Offsetting	(293,712)	(36,708)	–	(330,420)
Deferred tax liabilities (after offsetting)	4,665,060	(254,583)	(37,302)	4,373,175

31.1.2017
(Restated)

	Opening balance RM	Recognised in profit or loss (Note 8) RM	Recognised in other comprehensive income RM	Closing balance RM
Deferred tax assets (before offsetting)				
Tax effect of temporary differences arising from provision	257,318	36,394	–	293,712
Offsetting	(257,318)	(36,394)	–	(293,712)
Deferred tax assets (after offsetting)	–	–	–	–
Deferred tax liabilities (before offsetting)				
Tax effect of temporary differences arising from:				
Property, plant and equipment	5,237,090	(253,781)	(37,302)	4,946,007
Trade payables	50,368	(37,603)	–	12,765
	5,287,458	(291,384)	(37,302)	4,958,772
Offsetting	(257,318)	(36,394)	–	(293,712)
Deferred tax liabilities (after offsetting)	5,030,140	(327,778)	(37,302)	4,665,060

Included in tax effect of temporary difference arising from property, plant and equipment are the following:

(a) deferred tax liability of RM987,080 (2017: RM1,024,382) relating to revaluation surplus of properties arising from revaluations carried out prior to the Group's transition to MFRS. This deferred tax liability is reversed out to other comprehensive income in tandem with the depreciation charge on the underlying revalued properties; and

(b) deferred tax liability of RM692,652 (2017: RM692,652) representing the real property gain tax of 5% relating to the revaluation surplus of freehold land arising from revaluations carried out prior to the Group's transition to MFRS.

Notes to the Financial Statements (cont'd)

22. PROVISION FOR GRATUITY PAYMENT

	The Group		
	31.1.2018 RM (Restated)	31.1.2017 RM (Restated)	1.2.2016 RM (Restated)
At beginning of year	1,223,800	1,072,160	995,936
Provision for the year	152,952	151,640	76,224
At end of year	1,376,752	1,223,800	1,072,160
Comprising:			
Current portion	243,348	238,706	–
Non-current portion	1,133,404	985,094	1,072,160
Total	1,376,752	1,223,800	1,072,160

Provision for gratuity payment represents amount payable to the executive directors of the Company at the end of their employment tenure. The executive directors are entitled to one month last drawn basic salary for every completed year of service in the subsidiary company.

23. TRADE PAYABLES

Trade payables of the Group comprise amounts outstanding for trade purchases. The average credit period granted to the Group for trade purchases ranges from 60 to 120 days (2017: 60 to 120 days).

The currency exposure profile of trade payables is as follows:

	The Group	
	2018 RM	2017 RM
Ringgit Malaysia	2,969,232	3,484,365
United States Dollar	2,823,093	4,575,319
	5,792,325	8,059,684

24. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	1,281,545	928,540	–	–
Accrued expenses	633,326	829,671	53,283	50,287
	1,914,871	1,758,211	53,283	50,287

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term deposits with a licensed investment bank	4,544,196	5,368,412	–	–
Cash and bank balances	707,880	1,992,012	12,624	6,319
Cash and cash equivalents	5,252,076	7,360,424	12,624	6,319

Short-term deposits of the Group represent investment in a fixed income fund launched by a licensed investment bank, whereby the amount deposited can be withdrawn after giving a notice period ranging from 7 to 30 days (2017: 7 to 30 days), depending on the withdrawal amount. During the current financial year, these short-term deposits earn interest at an average rate of 3.18% (2017: 3.18%) per annum.

26. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

As of the end of the reporting period, equity of the Group comprises issued capital and retained earnings.

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Group is required to maintain consolidated shareholders' equity equal to or not less than 25% of its issued and paid-up capital (excluding treasury shares) and such shareholders' equity should not fall below RM40 million. The Group has complied with this requirement.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Notes to the Financial Statements (cont'd)

Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial Assets				
Loans and receivables at amortised cost:				
Trade receivables	12,299,868	13,519,384	–	–
Other receivables and refundable deposits (Note 15)	1,461,924	572,661	40	40
Amount owing by subsidiary company	–	–	2,232,494	2,233,019
Short-term deposits with a licensed investment bank	4,544,196	5,368,412	–	–
Cash and bank balances	707,880	1,992,012	12,624	6,319
Financial assets at fair value through profit or loss:				
Other investments	1,505,698	–	–	–
Total Financial Assets	20,519,566	21,452,469	2,245,158	2,239,378
Financial Liabilities				
Other financial liabilities at amortised cost:				
Trade payables	5,792,325	8,059,684	–	–
Other payables and accrued expenses	1,914,871	1,758,211	53,283	50,287
Total Financial Liabilities	7,707,196	9,817,895	53,283	50,287

The carrying amounts of the financial assets and financial liabilities as reported in the statements of financial position approximate their fair values because of the short maturity terms of these instruments.

The fair value hierarchy of other investments measured at fair value through profit or loss is at Level 2. Fair values have been estimated by reference to quotes published by investment manager.

Financial risk management policies and objectives

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, price risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign currency risk management

The Group is exposed to foreign currency risk through overseas sales and purchases quoted mainly in United States Dollar. The Group reviews the position of amounts outstanding from these foreign currency denominated balances periodically so as to mitigate the negative impact arising from fluctuations in exchange rates on a timely basis.

Currently, the Group does not use any financial derivative instruments to hedge its foreign currency risk.

At the reporting date, the significant carrying amount of monetary assets and liabilities denominated in currencies other than the Group's functional currency is as follows:

	The Group	
	2018 RM	**2017 RM**
Assets		
United States Dollar (Note 14)	106,795	86,977
Liabilities		
United States Dollar (Note 23)	2,823,093	4,575,319

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the United States Dollar were to change 5% against the Ringgit Malaysia, profit will increase/decrease by approximately RM135,815 (2017: RM224,417).

(ii) Price risk management

The Group has in place policies to manage the exposure to fluctuations in the prices of key raw materials used in the manufacturing and supplying of plastic packaging products and to manage its competitive risks from its competitors in providing better alternatives in terms of competitive pricing and quality products. In the event that fluctuations in key raw materials exceed a pre-determined threshold, the Group's selling prices will be adjusted accordingly.

(iii) Interest rate risk management

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's short-term deposits which earn interest as disclosed in Note 25.

Under the current low interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's financial performance. Accordingly, no sensitivity analysis is presented.

Notes to the Financial Statements (cont'd)

(iv) Credit risk management

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

The Group's exposure to significant concentration of credit risk to any single counterparty or any number of counterparties having similar characteristics is disclosed in Note 14. The Group defines counterparties as having similar characteristics if they are related entities.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of the end of reporting period, is the carrying amount of these receivables as disclosed in the statements of financial position.

(v) Liquidity risk management

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The table below summarises the maturity profile of the Group and the Company financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

The Group	**Weighted average effective interest rate %**	**Less than 1 month RM**	**1 to 3 months RM**	**3 months to 1 year RM**	**On demand RM**	**Total RM**
2018						
Financial assets						
Non-interest bearing:						
Trade receivables	–	5,938,402	6,361,466	–	–	12,299,868
Other receivables and refundable deposits	–	–	–	1,998	1,459,926	1,461,924
Cash and bank balances	–	–	–	–	707,880	707,880
Interest bearing:						
Short-term deposits with a licensed investment bank	3.18	4,556,238	–	–	–	4,556,238
		10,494,640	6,361,466	1,998	2,167,806	19,025,910
Financial liabilities						
Non-interest bearing:						
Trade payables	–	1,916,581	3,875,744	–	–	5,792,325
Other payables and accrued expenses	–	1,739,699	94,118	81,054	–	1,914,871
		3,656,280	3,969,862	81,054	–	7,707,196

Notes to the Financial Statements (cont'd)

The Company	Weighted average effective interest rate %	Less than 1 month RM	1 to 3 months RM	3 months to 1 year RM	On demand RM	Total RM
2018						
Financial assets						
Non-interest bearing:						
Other receivables and refundable deposits	–	–	–	–	40	40
Amount owing by subsidiary company	–	–	–	2,297,500	(65,006)	2,232,494
Cash and bank balances	–	–	–	–	12,624	12,624
		–	–	2,297,500	(52,342)	2,245,158
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	–	–	–	53,283	–	53,283

The Group	Weighted average effective interest rate %	Less than 1 month RM	1 to 3 months RM	3 months to 1 year RM	On demand RM	Total RM
2017						
Financial assets						
Non-interest bearing:						
Trade receivables	–	7,328,018	6,135,526	55,840	–	13,519,384
Other receivables and refundable deposits	–	–	–	35,644	537,017	572,661
Cash and bank balances	–	–	–	–	1,992,012	1,992,012
Interest bearing:						
Short-term deposits with a licensed investment bank	3.18	5,382,638	–	–	–	5,382,638
		12,710,656	6,135,526	91,484	2,529,029	21,466,695
Financial liabilities						
Non-interest bearing:						
Trade payables	–	2,817,581	5,242,103	–	–	8,059,684
Other payables and accrued expenses	–	1,595,331	48,866	114,014	–	1,758,211
		4,412,912	5,290,969	114,014	–	9,817,895

Notes to the Financial Statements (cont'd)

The Company	Weighted average effective interest rate %	Less than 1 month RM	1 to 3 months RM	3 months to 1 year RM	On demand RM	Total RM
2017						
Financial assets						
Non-interest bearing:						
Other receivables and refundable deposits	–	–	–	–	40	40
Amount owing by subsidiary company	–	–	–	2,275,500	(42,481)	2,233,019
Cash and bank balances	–	–	–	–	6,319	6,319
		–	–	2,275,500	(36,122)	2,239,378
Financial liabilities						
Non-interest bearing:						
Other payables and accrued expenses	–	–	–	50,287	–	50,287

(vi) Cash flow risk management

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of credit facilities granted to the subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary company and repayments made in respect of amounts outstanding under these banking facilities.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary company's borrowings and other credit facilities.

27. SEGMENT REPORTING

The Group operates in a single industry in the business of manufacturing and supplying of plastic packaging products as disclosed in Note 12 and principally in Malaysia. Accordingly, the financial information by industry and geographical segments of the Group's operations are not presented.

Included in the Group's revenue of RM58,627,751 (2017: RM64,977,937) are revenue of RM48,570,042 (2017: RM40,580,562) which arose from sales to the Group's 4 (2017: 4) major customers.

28. CAPITAL COMMITMENTS

As of the end of the reporting period, the Group has the following capital commitments:

	The Group	
	2018 RM	2017 RM
Approved and contracted for:		
Purchase of plant and machinery	2,255,224	860,346

29. PRIOR YEARS' ADJUSTMENT

As of 31 January 2016 and 31 January 2017, the Group had inadvertently omitted the recognition of provision for gratuity payments payable to the executive directors of the Company at the end of their employment tenure. This has now been corrected by way of retrospective adjustments and the effect of such adjustments is a decrease in retained earnings of the Group for the financial year ended 1 February 2016 by RM814,842 and a decrease in net profit for the financial year ended 31 January 2017 of the Group by RM115,246.

Accordingly, the following accounts in prior years have been restated to reflect the effects of the above adjustments:

The Group

	As previously reported RM	Prior years' adjustment RM	As restated RM
Statement of financial position as of 1 February 2016			
Provision for gratuity payment	–	1,072,160	1,072,160
Deferred tax liabilities	5,287,458	(257,318)	5,030,140
Retained earnings	21,523,329	(814,842)	20,708,487
Statement of profit or loss and other comprehensive income for the year ended 31 January 2017			
Remuneration of key management personnel	(1,486,708)	(151,640)	(1,638,348)
Tax expense	(424,582)	36,394	(388,188)
Statement of financial position as of 31 January 2017			
Provision for gratuity payment:			
Current portion	–	238,706	238,706
Non-current portion	–	985,094	985,094
Deferred tax liabilities	4,958,772	(293,712)	4,665,060
Retained earnings	19,478,750	(930,088)	18,548,662
Statement of cash flow for the year ended 31 January 2017			
Profit for the year	2,918,119	(115,246)	2,802,873
Adjustments for:			
Tax expense	424,582	(36,394)	388,188
Provision for gratuity payment	–	151,640	151,640

STATEMENT BY DIRECTORS

The directors of **CYL CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2018 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

CHEN YAT LEE

CHEN TECK SHIN

Shah Alam,
21 May 2018

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEN TECK SHIN**, the director primarily responsible for the financial management of **CYL CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEN TECK SHIN
(MIA Membership No. 37455)

Subscribed and solemnly declared by the abovenamed **CHEN TECK SHIN** at **PETALING JAYA** this 21st day of May, 2018.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

As At 31 January 2018

A summary of the information on the landed properties of CYL Group as at 31 January 2018 are as follows:

Title/ Location	Existing use/ Description of property	Area (sq. ft.)	Tenure	Approximate age of building (years)	Net book value as at 31 January 2018 RM	Date of Valuation
Held under Title No. H.S. (D) 184080 Lot No. PT 76 Mukim of Pekan Hicom District of Petaling State of Selangor (after amalgamation of land title) 8-10-12, Jalan Teluk Gadung 27/93 Section 27 40000 Shah Alam Selangor Darul Ehsan	Industrial/ A three storey office building annexed with three single storey factory/ warehouse	226,466	Freehold	21 - 24 years	23,591,130	11 November 2010
Held under Title No. H.S. (D) 71252 Lot No. PT 23 Mukim of Damansara District of Petaling State of Selangor Lot 23, Jalan Jaya Setia 26/3 Section 26 Hicom Industrial Estate 40000 Shah Alam Selangor Darul Ehsan	Industrial/ A double storey office building annexed with single storey factory/ warehouse	43,560	Freehold	27	4,239,905	11 November 2010
Held under Title No. H.S. (D) 63661 Lot No. PT 664 Mukim of Damansara District of Petaling State of Selangor 36, Jalan Batu Belah 27/96, Section 27 40000 Shah Alam Selangor Darul Ehsan	Industrial/ An intermediate unit 1½ storey terraced factory	3,900	Freehold	24	510,059	11 November 2010

List of Properties (cont'd)

Title/ Location	Existing use/ Description of property	Area (sq. ft.)	Tenure	Approximate age of building (years)	Net book value as at 31 January 2018 RM	Date of Valuation
Held under Master Title Nos. H.S. (D) 63617 & H.S.(D) 63619, Master Lot Nos. PT 617 & PT 620 respectively, both in Mukim of Damansara District of Petaling State of Selangor Ten Units of Medium Cost Apartment located at Taman Bunga Negara (Hicom Sector B) Section 26/27 40400 Shah Alam Selangor Darul Ehsan	Residential/ Ten units of medium cost apartment	Not applicable	Freehold	22	747,661	11 November 2010
Held under Title No. H.S.(D) 63660 Lot No. PT 663 Mukim of Damansara District of Petaling State of Selangor 34, Jalan Batu Belah 27/96, Section 27 40000 Shah Alam Selangor Darul Ehsan	A 1 ½ storey factory	3,900	Freehold	23	518,973	11 November 2010
Held under Title No. H.S.(D) 63630 Lot No. PT 632 Mukim of Damansara District of Petaling State of Selangor 4, Jalan Teluk Gadung 27/93, Section 27 40000 Shah Alam Selangor Darul Ehsan	Industrial/ A double storey office building annexed with single storey factory/ warehouse	55,565	Freehold	10	7,504,199	11 November 2010
Held under Title No. H.S.(D) 63631 Lot No. PT 633 Mukim of Damansara District of Petaling State of Selangor 2, Jalan Teluk Gadung 27/93, Section 27 40000 Shah Alam Selangor Darul Ehsan	Industrial land	55,565	Freehold	Not applicable	3,300,000	11 November 2010

ANALYSIS OF SHAREHOLDINGS

As at 25 April 2018

No. of issued shares	:	100,000,000 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

SHAREHOLDINGS DISTRIBUTION

Size of Holdings	No. of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	18	442	0
100 – 1,000	254	209,200	0.21
1,001 – 10,000	833	4,654,700	4.65
10,001 – 100,000	371	10,763,100	10.76
100,001 – less than 5% of issued shares	27	15,465,300	15.47
5% and above of issued shares	3	68,907,258	68.91
Total	1,506	100,000,000	100.00

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS

No.	Name	No. of Shares Held	% of Issued Capital
1.	CHEN YAT LEE	29,814,000	29.81
2.	LAU KIM LIAN	22,793,000	22.79
3.	ABU TALIB BIN OTHMAN	16,300,258	16.30
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEN YAT LEE (MM1133)	4,987,800	4.99
5.	AMBANK (M) BERHAD *PLEDGED SECURITIES ACCOUNT FOR FADZLULLAH SHUHAIMI BIN SALLEH (SMART)*	1,651,200	1.65
6.	ADDEEN TRADING SDN BHD	1,565,600	1.57
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIEW KON SING @ LIEW KONG*	1,105,800	1.11
8.	CHEN YIN KHEE	920,700	0.92
9.	WONG CHEW HIN	530,000	0.53
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAU YU MOI	430,100	0.43
11.	NG INN JWEE	404,000	0.40
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)*	398,600	0.40
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAU YU MOI (E-IMO)*	361,100	0.36
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHUNG CHIT MIN*	302,000	0.30
15.	CHAN PICK MEI	272,000	0.27
16.	HLIB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN KIM SEONG (CCTS)*	260,000	0.26
17.	HENG PENG HONG	246,000	0.25
18.	OOI THEAN HIN	238,000	0.24
19.	KHOO SIEW KEE	228,000	0.23

Analysis Of Shareholdings (cont'd)

No.	Name	No. of Shares Held	% of Issued Capital
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR LAI MENG (MM1088)*	190,000	0.19
21.	CHOONG YOKE LENG	156,500	0.16
22.	CHIEN TAI HING	152,400	0.15
23.	ONG KIAN LUM	152,100	0.15
24.	LEE PUI SENG	150,000	0.15
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG AH KOW @ LEANG LEAN YOW (E-IMO/JSI)*	150,000	0.15
26.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN*	125,400	0.13
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LOH TUCK MOON	125,000	0.13
28.	NICHOLAS YAP JIN LIANG	118,000	0.12
29.	NG SHOOK MUNG	111,000	0.11
30.	CHUAH SEONG PENG @ CHUAH SHEONG TAK	110,000	0.11
		84,348,558	84.35

DIRECTORS' SHAREHOLDINGS

No	Name	No of Shares Held			
		Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
1.	Chen Yat Lee	34,801,800	34.80	–	–
2.	Chen Teck Shin	–	–	–	–
3.	Tan Sri Abu Talib Bin Othman	16,300,258	16.30	–	–
4.	Chen Wai Ling	–	–	–	–
5.	Abd Malik Bin A Rahman	20,000	0.02	–	–
6.	Seow Nyoke Yoong	–	–	–	–

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No	Name	No of Shares Held			
		Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
1.	Chen Yat Lee	34,801,800	34.80	–	–
2.	Lau Kim Lian	22,793,000	22.79	–	–
3.	Tan Sri Abu Talib Bin Othman	16,300,258	16.30	–	–

CYL CORPORATION BERHAD

(Company No. 516143-V)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	CDS Account No.
	- -

*I/We .... Tel:...

[Full name in block and NRIC/Passport/Company No.]

of ....

being member(s) of CYL Corporation Berhad, hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing him/her, the Chairman of the Meeting as *my/our proxy(ies) to attend and vote for *me/us and on *my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Ballroom 2, LG Level, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 18 July 2018 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1	Re-elect Abd Malik Bin A Rahman		
2	Re-elect Chen Wai Ling		
3	Approve Directors' fees for the financial year ending 31 January 2019		
4	Approve Directors' benefits for the period 19 July 2018 to the next Annual General Meeting		
5	Re-appoint Deloitte PLT as Auditors		
6	Authority for Abd Malik Bin A Rahman to continue in office as Independent Non-Executive Director		
7	Authority for Seow Nyoke Yoong to continue in office as Independent Non-Executive Director		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

....

Signature of Shareholder/Common Seal

* Delete whichever is not applicable

Notes on the appointment of Proxy

i) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend, vote and speak instead of him/her. A proxy may but need not be a member of the Company.

ii) A member of the Company, who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, can appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

iv) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

v) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or an attorney duly authorised.

vi) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or adjourned meeting. A member shall not be precluded from attending and voting in person at any general meeting after lodging the instrument of proxy but however such attendance shall automatically revoke the proxy's authority.

vii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 10 July 2018. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

viii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar

CYL CORPORATION BERHAD

(Company No. 516143-V)

Level 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No.8 Jalan Kerinchi, 59200 Kuala Lumpur

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